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# 8 Big Powers **Back NATO** In Warning To Milosevic

Serb Attacks in Kosovo Must End Immediately, They Say After Meeting

By Craig R. Whitney

LONDON - Reinforcing NATO's threat of military action to halt the violence in Kosovo, the United States, Russia and six other major industrial democracies demanded on Friday an immediate end to Serbian attacks on ethnic Albanian civilians in the

Foreign ministers of the eight countries gave President Slobodan Milosevic of rump Yugoslavia until Tuesday to announce that he had called off the

He is expected to see President Boris Yeltsin of Russia, the country most hesitant to consent to the use of force against Serbia, in Moscow that day. But Russia joined Friday in urging Mr.

G-8 votes to deny nonhumanitarian loans to India and Pakistan in retaliation for nuclear tests. Page 2.

Milosevic to use that occasion to announce agreement on the other demands hy the eight countries, six of which also have an international mandate to monitor events in the Balkans closely.

Those other demands were to allow unimpeded and continuous access to Kosovo for international monitors, to let tens of thousands of refugees return to their homes with international aid and to resume dialogue with the Kosovo leadership uoder Ibrahim Rngova.

About 250 people have been killed in the fighting so far, international offi-

cials say.

President Milosevic will be making a grave mistake if he imagines the international community will be as slow to respond in Kosovo as it was in Bosthe British foreign secretary, Rohin Cook, said after the meeting Friday. It was originally called to coordinate the international response to nuclear weapons tests iast month by India

The ministers also urged the International Criminal Tribunal for the former Yugoslavia in The Hague to extend its writ to cover crimes against humanity in Kosovo by Serh commanders and their political leaders.

France, which like Russia has been insisting on a UN Security Council resolution authorizing the use of force in Kosovo before any NATO air strikes or peacekeeping missions can be decided. said that the statement Friday indicated that Russia would deliver a strong message to Mr. Milosevic in Moscow next

The Russian foreign minister, Yev-

See KOSOVO, Page 4



#### Soldiers and Protesters Clash in Jakarta

A demonstrator kneeling before Indonesian troops as they try to remove him from the grounds of the Foreign Ministry in Jakarta on Friday. He was one of 1,000 East Timorese students calling for a referendum on East Timor. Page 4.

# Serbs Laying Minefields

Evident Aim Is to Cut Kosovo Links to Albania

By Chris Hedges w York Times Service

KUKES, Albania — The Yugoslav Army is planning land mines along the Kosovo border with Albania, apparently in an effort to stop ethnic Albanian from fleeing and also to block the return of thousands of Kosovo inhabitants who have fled to Albania, according to European military observ-

President Slobodan Milosevic's orders to mine the border, which stretches about 130 kilometers (75 miles), could lead to an expansion of the latest Balkans conflict.

This could occur if the ethnic Albanian separatists turn to Macedonia to replace Albania as a route for smuggling weapons and volunteers from abroad

into Kosovo. An increase in the presence of armed rebels in western Macedonia, where there is a big concentration of ethnic Albanians, might raise horder tensions,

induce ethnic Albanians in Macedonia to join the already mushrooming Kosovo Liberation Army and eventually draw Macedonia into the con-

"Milosevic is once again sowing the seeds of war," said a European observer. "He wants to solve the conflict in Kosovo militarily and fails to understand that each time he brings down the harmner, oew fires pop up all around

United Nations troops, including American soldiers, are stationed along the Serbia-Macedonia border to prevent military clashes over contested terri-

That mission, alliance planners said, may have to be bolstered to prevent Macedonia from becoming a staging area for the rebels. There are reports, Western diplomats said, that the Kosovo Liberation Army

has already used the Macedonian border

See MINES, Page 4

# Tokyo Makes It Official: First Recession in 23 Years

# Weak Yen Poses Worldwide Risk

By Sheryl WuDunn New York Times Service

TOKYO - The Japanese government conceded Friday that the world's second-largest economy had sunk into recession, the first one it has acknowledged in 23 years and the worst in the postwar era, and it expressed concern that its plummeting currency could pose

a challenge for the global economy.

Officials said that the economy had contracted 1.3 percent in the first three months of this year from the previous quarter — a stunning annual rate of 5.3 percent. For the financial year that ended March 31, Japan's economy retreated 0.7 percent, the first full-year decline since 1973, when oil prices soared after the Arab-Israeli war.

Snch dismal performance, weaker than most economists had expected, un-derscored the risk that a recession in an economic giant like Japan - with an economy twice the size of the rest of the Asian economies put together - could further damage conditions around Asia and spread the economic virus from Asia to the United States and Europe. Japanese officials took care to make

ablic the news after the stock market had closed, but concerns about the economy and the weakening yen have already caused markets to fall in much of Asia. The Seoul stock market numbled 8 percent Friday, while in Tokyo, the Nikkei Stock Average dipped below 15,000 in the morning before closing at 15,022.30, up 8.3 points.

The fear is that a weaker yen will make Japanese products cheaper and more competitive, thus hurting the economies of such countries as South Korea, China and Thailand - and much more distantly, the United States and European nations.

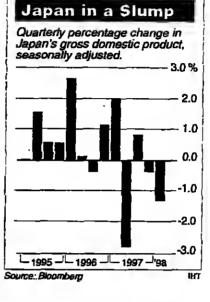
Japanese officials again warned Friday that the yen was falling too far and too fast. It now takes about 144 yen to buy one dollar, meaning that the yen has fallen 80 percent since its peak in 1995.
"I don't think it will cause a minus

effect on the Japanese economy," Koji Omi, head of the Economic Planning Agency, said of the weak yeu Friday, according to Kyodo News Service.

But it poses problems, he added, "for the whole of the world economy. Some economists say they believe Japan's economy may recover in the short term, in part because of a huge fiscal stimulus package that will begin to be felt in the next few weeks. But others warn that Japan is teetering on the

edge of a much greater tumble.
"Things could fall apart very quickly here," said Brian Rose, an economist at LTCB Warburg Securities Ltd., "and Japan could go like other countries in Asia - completely fall apart, or it could

Mr. Rose noted that Japan's economy See JAPAN, Page 15





#### A Tokyo trader making hand signals Friday as the yen fell yet again.

# **World Markets Shudder**

But Late Rally on Wall Street Turns the Tide

Compiled by Ow Stuff From Disputches

NEW YORK-Share prices around the world crumbled Friday as Japan's sick economy formally sank into re-cession, pushing the yen to an eight-year low and threatening the rest of Asia with a second currency crisis.

Stock markets in Asia fell, with South Korea, a close competitor of Japan, particularly badly bit.

The South Korean composite index tumbled 8.1 percent Friday, its higgest ever one-day fall, propelled downward by fears that the falling yen could derail efforts for the country's economic re-

covery. (Page 15) Uncertainty stemming from Japan's

problems rattled European bourses, German shares shed 2.9 percent

while French shares lost 2.2 percent and London shares were off 1.4 percent. On Wall Street, Japan's slide into recession renewed concern that U.S. corporate profits will suffer from a pro-

tracted economic slump in Asia. But a late rally on Wall Street offset a slump among the companies most dependent on sales to economically trou-

bled Asia. The Dow Jones industrial average finished 23.17 points higher, at 8.E34.94, erasing a 127-point loss, after falling 159 points Thursday.

"We have an economy that is fairly stable and resilient," said Joseph Stocke of Meridian Investment Co., "so that even though we may go through periods of time where corporate profits may not be growing very quickly, the risk of a major downturn in the U.S. economy is less than it has been his-

torically. The decline started after dire firstquarter gross domestic product data showed that Japan's economy contrac-

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	The Dow	
1	Friday close	percent change
+ 23.17	8,834,94	+ 0.26%
	S&P 500	
+ 4.29	1.098.82	+ 0.39°

pected and the Japanese economy is looking in quite hig trouble," said James McKay, European economist at Commonwealth Bank of Australia in The data gave weight to fears that

Analysts warned of the imminent evidence that the financial crisis has

started to feed upon itself. The dollar climbed to 144.33 yen in late New York trading, compared with

## AGENDA

## 42 Injured as 2 Trains Collide in South Germany

BONN (Reuters) — German police said that 42 people were injured Friday when two local trains crashed into each other near the southern town of Bad Schoenborn.

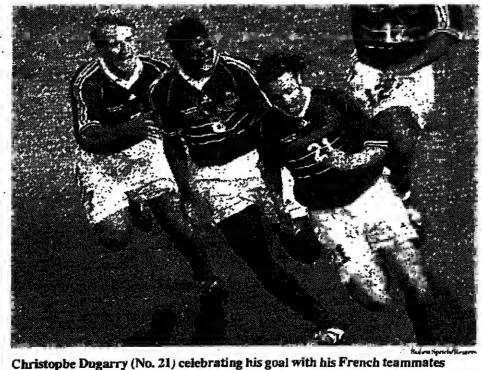
The worst railway crash in postwar German history killed 98 people earlier this month.

#### Shuttle Discovery Lands

CAPE CANAVERAL, Florida (Reuters) -The space shuttle Discovery returned to earth on Friday, hringing home Andy Thomas, NASA's last astronaut to serve on the Russian space station Mir, after a four-and-a-half-month visit.

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# France Wins Opener, 3-0 Against S. Africa

MARSEILLE, France — France, the host, beat South Africa 3-0, in a windblown World Cup match Friday. On a night when the Mistral blew strongly through Marseille, both learns expended a great deal of energy

without generating much coherent soccer.

Christophe Dugarry, who had come on as a substitute only eight minutes earlier, gave France the lead in the 34th minute with a back-header from a corner. Only a minute after coming on, Dugarry broke in alone on the South African goal, but Hans Vonk, the South

FRANCE 3, SOUTH AFRICA O

African goalie, raced to the edge of the penalty area to dive at Dugarry's feet and block the shot.

In the last stages of the game the French took control. Dugarry wrestled for the ball in the South African penalty area and then rolled it to Youri Djorkaeff, who shot weakly. As Vonk dove, Pierre Issa, a defender, deflected the ball over the goalline. In the final minute, Thierry Henry broke clear and clipped the hall over Vonk.

Three French midfielders, Emmanuel Petit, Didier

Deschamps and Zinedine Zidane, collected three yellow

## Chinese Are Hailing Clinton's Plan to Visit Tiananmen especially those of us who lost people," he said. "The By John Pomfret and Michael Laris

Cameroon...1.600 CFA Qutar......10.00 QR ...1.100 CFA Senegal......1.100 CFA .2,800 Lire Spain ..... Ivory Coast 1.250 CFA Tunisia ......1.250 Din ..... 1.250 JD U.A.E. ........... 10.00 Dh ..700 Fils U.S. Mil. (Eur.)....\$1.20

Newsstand Prices

BEIJING — Over a plate of pork and garlic shoots, Li Guoqiang, an office worker dining at a restaurant in central Beijing, nodded vigorously when asked if President Bill Clinton should visit Tiananmen

Waxhareton Post Service

'You know he's got to mention 6-4," Mr. Li said, using the Chinese shorthand for the crackdown at Tiananmen Square on June 4, 1989. "None of our leaders are mentioning it, but he will. We need someone to bring it up and I'm sure he will do

Mr. Li, 43, said he was among the hundreds of thousands who flocked to the square during the late spring of 1989 to participate in student-led demonstrations against corruption, inflation and the domination of everyday life by the Communist Party.

He said he visited the square until June 3 and then spent the night at home because a relative in the army had tipped him off that a crackdown was coming. He said he lost two friends in the ordeal.

'You know, this place is a sacred ground for us,

just can't. Clinton could help us to remember.' Last week, when the U.S. House of Representatives passed by a vote of 305 to 116 a nonhinding resolution urging Mr. Clinton not to attend his official welcoming ceremony in Tiananmen Square, the opinions of Chinese such as Mr. Li did not appear to figure in their deliberations. Although many leading Chinese exiles have condemned Mr. Clinton's plan, people across the

See CHINA, Page 5

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+ 23.17	8,834.94	+ 0.26%
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+ 4.29	1,098.82	+ 0.39°a
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"The GDP data was worse than ex-

Japan may not be able to kick-start a recovery in Asia despite the announce-

ment in April of a 16 trillion yen (\$113.07 billion) stimulus package. threat of another wave of currency devaluations in the region with increasing

See MARKETS, Page 12

# Show of Force In Nigeria Halts Protests

By Tim Sullivan

LAGOS - Nigerian riot policemen firing into the air and unleashing tear gas broke up protests in Lagos with a show of force Friday, wrecking opposition plans for a mass anti-government demonstration.

Pro-democracy campaigners and other government opponents calling for an end to military rule had planned to take to the streets in protest. They were con-fronted by a wall of police and army force in Lagos, Nigeria's commercial

Faced with his first major test - the prospect of defiant opposition — General Abdulsalam Ahubakar responded with enough force to quell any hopes of a meaningful anti-government demon-

The police arrested Gani Fawehinmi. a lawyer and leading dissident who had organized the protests, his aides said Friday. They also arrested Dupe Ahiola. one of the wives of the imprisoned husinessman Moshood Ahiola, the pregovernment has tried to make everyone forget. But it sumed winner of the canceled 1993

> Mr. Fawehinmi, arriving at the scene of one of the protests, was lifted onto the shoulders of three men, witnesses said. The crowd began to cheer support for Mr. Fawehinmi, who was then arrested with the men carrying him.

> > See LAGOS, Page 5

# G-8 Will Deny Loans To India and Pakistan

## **Group Urges Restraint on Nuclear Arms**

Complet by Our Staff From Disputs has

LONDON — The members of the Group of Eight industrialized nations decided Friday to deny nonhumanitarian loans to India and Pakistan in retaliation for their nuclear tests.

A communique approved by the eight countries — the United States, Britain, France, Germany, Japan, Canada, Italy and Russia - also urged India and Pakistan to halt their testing programs and not to deploy nuclear weapons on

We do not wish to punish the peoples of India or Pakistan as a result of actions by their governments, and we will therefore not oppose loans by international financial institutions to the two countries to meet basic human needs," the G-8's final statement said.

"We agree, however, to work for a postponement in consideration of other loans in the World Bank and other international financial institutions to India and Pakistan, and to any other country that will conduct nuclear tests," it ad-

Additionally, the two countries were urged to deal with the "root causes" of tensions between them, especially over Kashmir, the Muslim-majority region that straddles their border.

New International Monetary Fund and World Bank credits had effectively been frozen since the United States imposed sweeping economic sanctions on both countries last month after their titfor-tat atomic tests, so the agreement Friday was largely symbolic.

# **Turkish Journalist** To Go to Jail for **Interviewing Kurd**

ISTANBUL - An award-winning Turkish journalist, Ragip Duran, is to begin serving a seven-and-a-half month prison term next week after exhausting all legal means to appeal his conviction of propaganda for a separalist orga-nization under Turkey's anti-terror

"This can happen to anyone who works at serious journalism in this country." Mr. Duran said at a farewell dinner for the foreign press Thursday in Istanbul, lamenting the restrictions of freedom of speech in Turkey.

There are a number of taboo subjects in Turkey, on which you can express views only if you stay within the line drawn by the state." Mr. Duran, 44, said, "The Kurdish issue is at the top of

He is currently the Istanbul correspondent for the French daily Liberatioo and formerly worked for Agence France-Presse, the BBC, and various Turkish newspapers.

He was tried and sentenced in December 1994 for an article in a Turkish newspaper about an interview with Abdullah Ocalan, the leader of the outlawed Kurdish Workers' Party, which is fighting for a Kurdish homeland.

While the Istanbul State Security Court did not object to the interview in itself, it ruled that a comparison drawn with a former interview and an analysis of Mr. Ocalan's statements violated Article 7 of the Anti-Terror Act.

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The action came at a meeting of Sec-retary of State Madeleine Albright and seveo foreign ministers on the nuclear crisis in South Asia.

Mrs. Albright also urged the other nations to refrain from nuclear cooperation with India and Pakistan. Senior U.S. officials, speaking oo condition of anonymity, said the two countries would be denied such help.

"The recent nuclear tests bave created an atmosphere of regional instability which will undermine the region's attractiveness to both foreign and domestic investment, damaging business confidence and the prospect for economic growth," the communiqué said.

The United States bas imposed economic sanctinns, under U.S. law, against both countries. The eight foreign ministers, as a group, said all countries "should act as they see fit to demonstrate their displeasure and address their concerns to India and

"Our meeting sends the message that the world community is united not just in outrage and dismay but in action." Mrs. Albright said, referring to nuclear weapons tests cooducted last mooth by the two couotries.

By choosing to test, India and Pakistan have diminished their security and damaged their prestige, Mrs. Al-bright said at a meeting with the foreign

Calling for unity, Mrs. Albright said relations with India and Pakistan "most not drift back into business as usual." One way she proposed was coordinating votes at world financial institutions to postpone consideration of loans except for those "that meet basic human

Last week, the World Bank postponed two loans valued at more than \$206 million to India, bringing to more than \$1 billion the amount delayed be-cause of the South Asian nation's nu-clear tests last month. (AP. Reuters)

#### ■ India and Pakistan Disagree

Kenneth J. Couper of The Washing-un Post reported from New Delhi; India and Pakistan moved Friday to-

ward resuming peace talks this month, but disagreed about when and where to hold what would be the first high-level diplomatic contact between the regional archrivals since each natioo conducted nuclear tests last month.

New Delhi annouoced that Pakistan's top diplomat had been invited for talks in the Indian capital June 22, but Islamabad responded with a counteroffer that India's top diplomat come to the Pakistani capital June 20.

The Indian Foreign Ministry erro-neously indicated that Pakistan had accepted the invitation to New Delhi, which Foreign Minister Gohar Ayub Khan of Pakistan told The Associated

Press had not been formally made. It has been the custom of the two South Asian neighbors to rotate the site of such talks between their two coun-

Because the most recent round was held last September io New Delhi, the oext would be in Pakistan if the established procedure is followed.

In recent weeks, both countries have stated a general interest in resuming bilateral talks that were suspended last year because of a disagreement over the format of discussions about Kashmir. the cause of two wars between them.



refugee fleeing the Serbian offensive in Kosovo entering Albania on Friday, carrying his daughter and shielding her during a rainstorm.

# **Robbers Shoot Guerlain**

Armed Gang Raids Perfume Scion's Home

By Suzy Menkes

PARIS - Jean-Paul Guerlain, one of the most celebrated "noses" in the French perfume industry and a scion of the famous fragrance family, was wounded during a robbery early Friday after an armed invasion of his

As he returned from the release of a new fragrance at Guerlain's store on the Champs-Elysees, a gang of up to 12 masked raiders surrounded his country estate west of Paris, according to the police.

The prosecutor in charge of the inquiry said that four persons had been hurt in the attack and that the assailants had been armed with pistols

Jewelry and silverware believed to be worth at least 10 million francs (\$1.65 million) were takeo in "a savage anack, 'said the prosecutor, Yves Colleu.

In addition to the wounded Mr. Guerlaio, an estate manager was hit in the chest by two bullets, the family veterinarian was hospitalized after he was beaten and a carpenter was slightly injured after he jumped through a wiodow 6 meters (20 feet) from the ground.

vehicles, burst ioto the Guerlain domain in the Yvelines region just before midnight, surprising the guard at the entrance, who was held by two of the gang while the rest stormed the

The gunmen rounded up the family's score of employees and began beating some and threatening others

to gain access to safes. After gathering cash, jewelry, porcelain and silverware, the gunnen opened fire oo their way out, hitting the estate manager and Mr. Guerlain, 61. The builet in his thigh was removed in a hospital in Versailles.

in Versailles.

"He was terribly shocked but it is not as serious as we had thought," said Patrick Cboel, president of the fragrance division of LVMH Moet Hennessy Louis Vuitton, the luxury goods company that bought the 170-year-old family operation in 1994.

Mr. Choel was with Mr. Guerlain at the launch Thursday of "Guerlinade" a fragrance marking the bi-

ade," a fragrance marking the bi-centeonial of the birth of the house's

The Guerlain bouse was opened in 1828 as a maker of perfume and vinegar and found fame by creating Eau Imperiale for Empress Eugenie, wife of Napoleoo III.

Its most famous classic fragrances are Mitsouko (1919), Shalimar (1925) and Vetiver (1958).

Mr. Guerlain, who followed the femily tradition of making perfumes with a natural composition, created a best-seller io 1989 with Samsara, an amber-sceoted Oriental fragrance.

In standing out against the increasingly high-tech and chemically created products of the global fragrance industry, Mr. Guerlain is regarded as

"I look at him with awe and wonsaid Annene Green, president of the Fragrance Foundation, speaking from New York on Friday. "I consider him at the top of Mount Olympus and Guerlain's fragrances as the gold of the industry.

# NATO Action in Kosovo Nell' Republic Would Face New Pitfalls

By Steven Lee Myers
New York Times Service

WASHINGTON — Three years ago. NATO jets pounded Bosoian Serb separatists into submission, bombing their heavy weapons, ammunitioo depots, supply routes and lines of communication until their leaders agreed to make peace with Bosnia-Herzegovina's Muslims and Croats.

Now, in a neighboring part of the Balkans, the alliance is ooce again weighing the use of force, this time to stop the crackdown in Kosovo by troops of rump Yugoslavia against ethnic Albanian separatists.

American and alliance officials say their planning oow is focusing on more or less the same strategy that was osed in

But while there are similarities between the violence in Kosovo and the war in Bosnia, there are also significant differences. And those differences, when coupled with the political and legal hurdles to any international response to the Yugoslav Army's sweep through Kosovo to put down an internal rebellion, have complicated the military planning, these officials said.

First of all, the Yugoslav Army successor to the unified armed forces of ugoslavia before its breakup early in the 1990s — is much better organized, trained and equipped than the Bosnian Serbs ever were, greatly increasing the risk to forces involved in air strikes or any other military action.

Unlike the war in Bosnia, the Yugoslav campaign in Kosovo lacks dug-in front lines separating warriog

Many of the forces taking part are Serbian police and paramilitary uoits. And while the Yugoslav Army has used tanks, belicopters and heavy artillery to shell villages along Kosovo's border with Albania, these forces are not beavily concentrated, and they are steadily on the move.

That, the officials said, would make it difficult, if not impossible, to find and destroy the bulk of the Yugoslav forces - if that is even the objective, which is far from clear, "It's not easy stuff to hit," a military official said Thursday in

Also, any attack is unlikely to cut off the supply lines from central Serbia to the Yugoslav forces in Kosovo since there are no natural barriers like rivers separating the rolling hills and broad plains of Kosovo from the rest of Yugoslavia.

By contrast, in Bosnia, alliance commanders contemplated bombing the bridges over the Drina River that linked the Bosnian Serbs to their sponsors in

For now the hope is that a strong threat of force alone will be coough to persuade the Yugoslav president, Slobodan Milosevic, to ease the sup-

pressioo of Kosovo. The decision Thursday by NATO defense ministers to stage a vast military exercise in neighboring Albania and strikes - is clearly meant more as a

show of force than practice runs. 'It's not a rehearsal for anything, the Pentagon's spokesman, Kenneth Bacon, said Thursday.

Still, the defeose ministers ordered commanders to draw up a series of military options to try to end the conflict, including air strikes and even, in an extreme case, intervention by ground

WEATHER

forces. While NATO could draw upon a broad array of forces in Europe and the United States for any mission in Kosovo, the alliance has learned muchfrom the air strikes and subsequent peacekeeping missioo under way nextdoor in Bosnia.

In Luxembourg late last month, atliance foreigo ministers ordered mil-itary commanders to draw up plans for "preventive deployments" in Albania or Macedonia that explicitly excluded placing troops in Kosovo.

But with the inteosification last week of President Milosevic's crackdown in Kosovo, the alliance mandate bas now grown to include plans for force on the ground or in the air over Kosovo itself.

The Yugoslav government began is crackdown in February. Since then, according to intelligence estimates, 9.000 cording to intelligence estimates, 9.000 to 11,000 Yugoslav troops have surged into Kosovo, backed by 175 tanks, 200 armored personnel carriers and 120 armillery batteries, as well as 7,000 to 10,000 police or paramilitary troops.

By comparisoo, the Kosovo Liberation Army, the separatist group lighting for independence, is believed for number no more than 2,000.

Although the planning has only just-egun, American and alliance officials said NATO was unlikely to order a broad attack oo targets across Serbia as a-way to punish President Milosevic of to compel him to back down.

#### BRIEFLY

#### Paris Acts to Drop AIDS-Blood Case

PARIS - The chief prosecutor at a special court here recommended Friday that an appeals court drop charges against three former cabinet ministers in a 1985 contamination of 1,300 people with AIDS-tainted blood.

Jean-Francois Burgelin called the actions of a former Socialist prime minister, Laurent Fabius; former social affairs minister, Georgina Dufoix, and former deputy health minister. Edmond Herve, "involuntary and stemmed from negligence: rather than malicious intention."

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Editor of Dail. Mail

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The three were under investigatioo for "complicity in poisoning," in part for opting not to purchase U.S.-made AIDS test equipment.

#### Turks Say Cyprus Gets Missile Gear

ANKARA — Turkish intelli-gence officials have learned that radar and coorrol panels for five Russian-made air-defense missile systems have reached the divided Mediterranean island of Cyprus, the Hurriyet daily reported Friday.

But a Greek Embassy spokesman, Nikos Papaconstantinou, said the report was unfounded.

The Turkish newspaper said the parts were transferred from ship to ship in several Mediterranean ports to elude surveillance by Turkey, which has threatened to use force to stop deployment,

# TRAVEL UPDATE

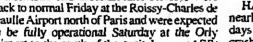
#### Air France Nears Normal

able Saturday and 95 percent Sunday as the airline recovers from a 10-day pilois' strike.

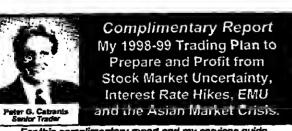
Domestic and medium-haul services were Airport to the south of the capital.

#### Advance Boarding Falters

passes, which once promised to whisk passengers directly from the curb to their airline



# WASHINGTON - Advance boarding



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PARIS - Air France said Friday that 88 percent of its long-haul flights would be avail-

back to normal Friday at the Roissy-Charles de Gaulle Airport north of Paris and were expected to be fully operational Saturday at the Orly

seat, are falling prey to security roadblocks

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## and cost-cuning by airlines. US Airways became the latest airline to

end the practice, saying Thursday that it would stop issuing the passes July 7. (AP)

German Trains Pass Test

## HANOVER, Germany - Train traffic was

nearly back to normal Friday in Germany, 10 days after the country's worst postwar train crash that officials say killed 100 people. Twenty-four of the 59 first-generation InterCity Express trains that were pulled out

of service for tests of the wheels have been inspected, a railway spokesman in Hamburg said. No defects were found.

Austrian police on Friday closed the A13 Brenner pass highway link-

ing northern Europe and Italy because of a protest by enironmentalists, raising fears of traffic chaos over a long holiday weekend. (AFP)

An air traffic controllers' strike shut down airports in southern Norway on Friday. forcing airlines to bus pas-sengers to Sweden. (AP) The United States lifted a

ban on travel to Indonesia on Friday, allowing embassy employees who left during political turmoil last month to return to the country. The embassy kept in place general warnings on avoiding crowds and hailing taxis off the (Reuters)

Forecast for Sunday through Tuesday, as provided by AccuWeather

North America

Very werm and humid in the Southeast with sunstance Sunday to Tuesday day and Monday, but rain Unscritted with showers and thunderstorms from Europe will also be quite southern Plants to the Monday and Monday. But rain Tokyc may have showers and thunderstorms from Europe will also be quite day, then dry with some sunshine Plants to the Monday and the Ohio Variety, some locations may have heavy downpours, through Tuesday, Soalung from the Montance in the Northwest in the Moscow.

Asia

Asia

Ony and very warm in Berthing Sunday to Tuesday and very may have showers to the southern Tuesday. The northwest in the Soalung state of Soalung and southeastern have heavy downpours. Though Tuesday, Soalung from the northwest in the soal western india south of Bombay and eastern india south of Madras.

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# 

not pretty: Two-thirds of the 41 stories he wrote for the magazine were at least partly fahricated. . Six articles - three of which the magazine had already acknowledged as fake — "could be considered entirely or nearly entirely made up,

the New Republic says in next week's issue. Many others were "a blend of fact and fiction." the magazine said. "We offer no excuses for any of this, only our deepest apologies to all concerned.

Mr. Glass did not contest the findings and apologized this week in a private lener to the magazine's editor, Charles Lane, and the owner and editor-in-chief, Martin Peretz, Mr. Lane said

Since being fired as associate editor last month, Mr. Glass, 25, has told two acquaintances that he is under a suicide watch, accompanied by

his client had no immediate plans to offer a public explanation. He said Mr. Glass has asked me to cooperate with the New Republic and George and provide them with any information they need to make whatever they write about his work as accurate as possible." George magazine has said Mr. Glass used two fabricated quotes in a profile of Vernon Jordan.

We are doing what we can to set the record straight and lay out the facts so people can make up their own minds, 'said Mr. Lane, who exarnined Mr. Glass's pieces with six other editors. We have never tried to deny that anything was wrong." He blamed Mr. Glass's successful fakery on "malfunctioning BS detectors on the part of the editors and a person whom we trusted

bo turns out not to be worthy of trust." "Hey, we should have done a better job," Mr. Lane said, "there's no way around that." The sheer breadth of Mr. Glass's deceptions is

Poppy," an account of a Hofstra University conference on the Bush presidency, Mr. Glass

Stephen Glass's stories, bursting with too-good-to-be-true anecdotes, were just that.

invented the following: "The First Church of George Herbert Walker Christ": "Mary Ung" of the "Committee for the Former President's Integrity," and "a small sky-diving industry newsletter" called "Jump Now."

M. Glass had "Ung" begging reporters to cover a "sad little tableau" of five children in wheelchairs - one white, two Asian, two black meant to symbolize the Americans With

stunning, his stories bursting with too-good-to-be-true anecdotes that were just that.

The New Republic offered several examples

Disabilities Act. When the white child leaves,
"Ung" says, "Oh, my God. 1 need a white
person," then asks Mr. Glass to get in the
not to be identified," whipping out a napkin with

an anti-drug program, Mr. Glass "fabricated some of the persons who purportedly had neg-ative experiences" with D.A.R.E. These in-cluded "James, a television news producer" and "Daniel, a young professor at an Illinois college" who "asked that his last name not be used, since he is up for tenure" and "nervous about adverse publicity." Also nonexistent were an "NBC employee" and a "Justice Department official."

"Anatomy of a Policy Fraud," while containing largely "valid reporting" on the Clinton administration's crime initiatives, used such made-up sources as the "Cops & Justice Foundauon'; a supposed Republican poll on crime; Donny Tye, a former California police of-

ficer," and a "senior Justice staffer. The magazine offered few details about the six articles deemed to be wbolly or largely fabricated. In "Clutch Situation," soon after the

POLITICAL NOTES

not to be identified," whipping out a napkin with President Bill Clinton's autograph to impress women. He also described a scene at Ciries in the Adams Morgan neigbborhood of Washington: Three twentysomethings sit hunched over a small table, taking frequent drags on Camel Lights, nursing vodka martinis, and feverishly speculating about the details of President Clinton's sex life."

"All Wet," an essay on global warming, Mr. Glass invented such groups as "Climate Lookout," "Truth in Science" and the "Association for the Advancement of Sound Water Policy." In an ironic twist, he said he had called the association "and asked them to explain the dangerously low rainfall in Werty, Iowa --- a fictitious town.

How could all this have happened? Mr. Lane says Mr. Glass "deliberately deceived the factcheckers" with forged notes, fabricated documents, fake press releases and, in one case, a



Activists in Manila protesting U.S. influence in the country during the anniversary celebrations Friday.

# Philippines Marks 100th Anniversary

MANILA — As brass bands played, President Fidel Ramos jubilantly waved in a re-enactment of the country's dec-

Church bells pealed throughout the Philippines and government offices offered free food as Filipinos commemorated the climax of Asia's first rev-

olution against Western colonial rule. hard-won independence as an inspiration in overcoming the impact of the

Asian financial crisis. "We have successfully won back the

By Youssef M. Ibrahim

New York Times Service

LONDON — Sir David

English, 67, considered one

of Britain's most astute jour-

fluential tabloid and re-

defined Fleet Street standards

for editing and reporting, died

Daily Mail for 21 years. An

ardent supporter of Prime

Minister Margaret Thatcher.

1982 and was to have been

news coverage that stemmed

mailbags from the state-owned British Rail for an ar-

Evening Standard.

Hynn's sex life.

made a life peer Saturday.

of a stroke Wednesday.

David English Dies;

**Editor of Daily Mail** 

malists, who transformed The class bardships in 19th-cen-

Daily Mail into a highly in- tury England made her one of

Sir David was editor of The more than 100 million copies in

He had a reputation for author with Pierre Boileau of

ruthlessness and zealous more than 40 best-selling

from his days as a young re-best-known works were "The

porter, when he once stole One Who Passed Away" and mailbags from the state"Death's on the Trip." (AP)

be was knighted by her in and the "Mallen" trilogy.

Catherine Cookson, 91,

Catherine Cookson, 91.

whose covels about working-

Britain's most popular

novels that combined sold

18 languages. Among the most

popular of her books are "Kate

Hannigan," "Bill Bailey."

Thomas Narcejac, 89, co-

thrillers, died in Paris. Their

She was the author of 100

writers, died Thursday.

LONDON (AP) - Dame

**Author of 100 Novels** 

country," said Mr. Ramos, whose term ends June 30.

Mr. Ramos waved the flag from the June 12, 1898. The Philippines had been a Spanish possession since 1565.

More than 30 countries sent representatives to join the celebration, which included a fireworks display over Ma-

triotic Alliance planned an "alternative" celebration with a protest march to the U.S. Emhassy. Leaders of the aldignity of our race and respect for our liance said they wanted to highlight the but American influence remains strong

United States' subsequent takeover of

the Philippines.
In 1892, Filipino nationalists established a secret society called the Katipunan, which prepared for armed rebellion against Spain. The revolt erupted four years later and spread rap-

pain, unwilling to hand over power to the Filipino revolutionaries, ceded the country to the United States for \$20

Leftist groups under the New Pa- out between Filipinos and U.S. forces

the Philippines independence in 1946,

**Away From Politics** 

airborne defense system within a decade.

The U.S. Air Force says it has successfully conducted

its first tests of a laser designed for warplanes to shoot

down hallistic missiles, an important first step toward an

A dozen climbers were caught in an avalanche nearly

12,000 feet up Mount Rainier, and six of them were

unable to stop their falls. One person was killed and five

were injured. The man who died had fallen the farthest

and spent several hours dangling by a rope off a rock formation called Disappointment Cleaver. (NYT)

• A man who killed two people in robberies in 1986

was execoted on his 33d hirthday in Huntsville, Texas.

Clifford Boggess smiled, greeted witnesses with a cheerful "Hi!" and apologized for the murders before he was given a lethal dose of drugs.

(AP)

· Direct humanitarian aid from the United States ar-

rived in Cuba for the first time in two years when a DC-6

propeller plane chartered by Catholic Relief Services

landed in Havana with about \$800,000 worth of medi-

Jet Skis and other so-called personal watercraft have

been prohibited within 1,200 feet of shore in 11 areas in

the Florida Keys from Key Largo to Key West because of

cines and medical supplies.

the noise and the danger to wildlife.

# Don't Say the Lawyers Didn't Warn Her

WASHINGTON - Lawyers for Paula Jones pleaded with her last summer not to reject a proposed senlement of her sexual miscooduct lawsuit against President Bill Clinton, warning that she was risking "devastation" in pursuing a claim that would sully her reputation, ultimately fail and 'snatch defeat from the laws of victory."

Mrs. Jones went ahead with the lawsuit after replacing the lawyers, Gilbert Davis and Joseph Cammarata, whose advice, in a letter on Aug. 19, was made public Thurs-

day in a federal court in Arkansas. They warned her that if she turned down an unofficial proposal for a payment of \$700,000 from Mr. Clinton, her motive would seem to shift from defending her own reputation to proving that "Clintoo is a bad

person. In retrospect, the letter provides a study in the might-have-beens of the sensational lawsuit, which, as Mrs. Jones had been warned, was subsequently dismissed, but not before it sparked the more explosive Monica Lewinsky investigation into sex and perjury charges that now haunts the

Mrs. Jones's lawyers set out a variety of reasons why she should accept the settlement, and the "grim consequences" if she refused. After weeks of salacious charges and leaks damaging to the president, the lawsuit was dismissed on April 1. (NYT)

## Shoot the Messenger.

WASHINGTON - Eager for even-better economic news to bolster their case for make that much in a month."

passing a large tax cut this year, Speaker Newt Gingrich and other Republican leaders in the House are puning pressure on Congress's own budget forecaster to produce rosier estimates of future surpluses.

House leaders are furious about past miscalculations by the Congressional Budget Office that seriously overstated the size of the federal deficit and failed to predict the current surge of surplus revenue. They said that agency officials must revamp their outdated models for forecasting economic growth by this summer, when Congress and the administration begin negotiating a

budget and tax package, or face retaliation. "When a team bats zero, you get oew players," the House majority whip, Representative Tom DeLay, Republican of Texas, said Thursday.

Caught in the fire is the office's director, June O'Neill, a mild-mannered former New York City college economics pmfessor who was handpicked by the House Budget Committee chairman, Representative John Kasich, Republican of Ohio, nearly four years ago to fill the post. Ms. O'Neill, whose term expires in January, said that although she would consider recommendations from Mr. Gingrich and others about altering the office's approach. "The final judgment of what we do bas to be independently arrived at, or it's worthless."

## **Quote/Unquote**

Senator Michael Enzi, Republican of Wyoming, as the Seoate rejected a Re-publican proposal to limit to \$1,000 an hour the fees that lawyers could collect from successful lawsuits against tobacco compa-nies: "A thousand dollars an hour! There are a lot of people in my state who don't

#### Golf Cart? Buckle Up

The Assortated Press WASHINGTON — The golf carts that have become popular with the elderly for sbort local trips will soon have to have seat belts and other safety features. But the National Highway Traffic Safety Administration says

carts used on actual golf

courses will be exempt.



Roy Emerson

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#### a Philippine flag from a balcooy Friday balcony of a house in Kawit town in Cavite Provioce, south of Manila, where laration of independence from Spain the revolutionary leader General Emilio 100 years ago. Aguinaldo proclaimed independence on

idly through much of the country.

million in December 1898.

sent to occupy the new colony. The United States formally granted

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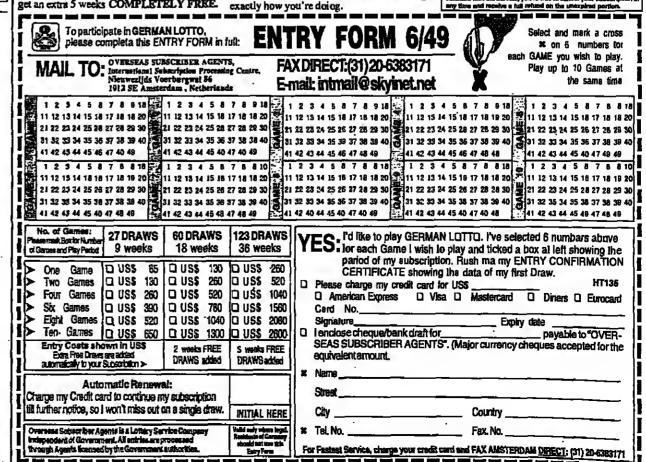
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#### ticle about its sloppy secu-TIBOR RUDAS Sir David joined The Daily THE CONCERT OF THE CENTURY Mail's parent, Associated Newspapers, in 1969. He became editor in 1971, and in 1992 be was appointed over-all editor of the newspaper company, which also owns The Mail on Sunday and The He started his journalism career as a copy boy for a local paper, The Bournemouth Eveoing Ecbo. His hig breaks came as a foreign correspondent for The Sunday Dispatch. where he was remembered for WORLD CUP breaking a story about Errol By age 30, he was Wash-Friday, July 10, 1998 Champ de Mars ington correspondent for The Daily Express, which later named him chief U.S. corre-Eiffel Tower 9 p.m. ALL NEW PROGRAM spondent and eventually promoted bim to foreign editor. In 1968, he was recruited to be editor of The Daily Sketch. which was merged with The Daily Mail a few years later. Sir David made his mark by engineering the paper into l'Orchestre de Paris a tabloid to serve what he LIMITED V.LP. SEATING AVAILABLE called "Middle England," France +33 (0)1 53 41 10 09 the sort of silent majority of UK +44 (0)171 420 0088 USA (800) 552-6168 the British populace with which he most closely iden-

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DAME 14

By James McKinley Jr.

NAIROB1 — The undeclared border war between Eritrea and Ethiopia is a bewildering study in contradictions.

It is a war that the heads of state of both countries insist they do not want. And it was set off by a minor land dispute that both sides agree could easily be settled by bistorians and map

Yet, neither Prime Minister Meles Zenawi of Ethiopia nor President Issaias Afewerki of Er itrea appears able to stop the bloodshed.

With each passing day, the battle has widened. The attempts by the United States and several African leaders tn head off a full-scale conflict have so far been drowned out by artillery exchanges, tank battles and air raids.

Both countries have portrayed themselves as the passive yictims of an aggressive neighbor bent on grabbing land militarily.

The two heads of state have blamed each other fnr each of the clashes nver the last week.

At the heart of the dispute are several pieces of land inside what Eritrea considers its national

boundaries that once belonged to the Ethiopian administrative province of Tigre before Eritrea calls for their troops to pull back to positions they became independent in 1993.

Eritrea maintains that local Tigrean officials have been trying to colonize these areas over the proposals to demilitarize the border, to put a last year, sending thousands of Ethiopian settlers over the border, pushing Eritreans out and setting up local governments.

In early May, thousands of Eritrean troops moved toto one of these border ANALYSIS

Ethiopian police set off the cur-For its part, Ethiopia denies that these regions ever belonged to Eritrea and has accused Eritreans of occupying its territory around Badame illegally since early May.

when be's under occupation?' Last week, both sides accepted in principle the held before May 6.

Still, both sides seem to agree on the other small observer mission from a third country in Badame and to ask for a technical team, perhaps from the United Nations, to demarcate the frontier once and for all.

We need to agree on the demarcation of the towns, Badame, after a clash between a Eritrean patrol and could be done by any technical team or body. Mr. Afewerki said in an interview with the

> We believe that for that to happen we need to demilitarize the areas of tension, which would also be done with the involvement of observ-

Before we sit in any kind of negotiations,
Afewerki bas to withdraw, said a spokeswoman for the Ethinpian government. Selome Tadesse.

"Why should Meles be expected to negntiate dispute. There seems to be no sbortage of countries willing to lend a band with troops or ob-

President Bill Clinton has telephoned both outlines of a four-point peace proposal made by the United States and Rwanda. But the Eritreans leaders, urging them to 'de-escalate the ten-

have received American military training and

Why then is the fighting continuing? In many ways, this border war is a family dispute. Once considered close allies and friends, Mr. Meles and Mr. Afewerki are both from the Tigre ethnic group, which straddles the border of the former Italian colony of Eritrea and the Ethiopian province of Tigre.

Both men headed rebel movements that drew their core fighters from the Tigre and fought side by side for years to oust the Marxist dictator. Mengistu Haile Mariam, who went into exile in

In 1993, Mr. Meles agreed to Eritrean demands for a referendum on independence, a political decision that left Ethiopia landlocked but repaid Mr. Afewerki and his fullnwers for their support during the civil war. The two governments never signed an agreement nn a common border, though.

The trouble bas arisen because some hardliners in Mr. Meles's movement the Tigre

People's Liberation Army, bave a vision of a greater Tigre that includes some lands in what Eritrea considers its territory, diplomats said

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The first problems arose in August 1997, when Ethiopian officials set up an administration in a region known as Bada.

Several skirmishes followed, and a joint commission was set up to hammer out a border

But the situation degenerated rapidly in early May, when an Eritrean general, Gerzgiher Tesfamariam, decided to respond with huge force to the skirmish at Badame on May 6, in which an Eritrean officer was killed.

That decision put Mr. Meles, whose mother is Eritrean, to a delicate political position. Having allowed Eritrea to go its own way, the prime minister was vulnerable to accusations from southern polinicians that he was too soft on Ethiopia's northern neighbor.

To these constituents, he has had to prove he has Ethiopia's interests at heart, diplomats say. At the same time, Mr. Meles's hard-line supporters in Tigre are pressing demands that fie recover what they consider to be traditional

Tigrean lands.

# As Prisoners Are Freed In East Timor, Soldiers Quell Jakarta Protest

By Cindy Shiner

DILL East Timor — A dozen East Timorese political prisoners were freed here Friday, and security forces in the Indonesian capital broke up a demonstration by activists calling for the right of self-determination for East Timor.

The prisoners raised their fists in the air as they left the Becora prison and vowed to continue resistance to Indone-· sian rule. Indonesia invaded East Timor. , a former Portuguese cnlnny, in 1975 and

annexed it the following year.
In the Indonesian capital, Jakarta, several hundred troops charged at about 1,000 demonstrators who were demanding a refereodum on East Timor. Security forces beat same of the protesters

with trunchenns, and demnnstrainrs retaliated by throwing rocks and bottles. Reports said two protesters and a soldier were injured.

The demonstrators were herded noto about 15 buses and escorted away. An undetermined number were being held for questioning.

In Dili, about 100 students at the University at East Timnr staged their own demnnstration. They shouted "Viva East Timor" and said they hoped to gather thnusands of students from around the territory for a protest on the campus in Dili on Saturday.

The repressing of the demonstration in Jakarta and the release of the political prisoners in Dili reflects the new gnvemment's confusion, or division, over the best way to move forward in Indonesia's new era of reform. The civilian president, BJ. Habibie, and the military that backs him are grappling with opening the country to more freedom, while trying to keep a lid on dis-content that could seriously challenge

the new government's authority.

How Mr. Habibie and the military deal with the East Timor problem is crucial in determining how foreign powers will assess the government's commitment to cleaning up its human rights record and its commitment to

democratic reform. The former president, Suharto, who stepped down last month after 32 years em region of Kalmykia who suffered ... For three in power, brutally suppressed dissent in repeated harassment by local authorities. East Timor and throughout Indonesia. in clear violation of Russia's press law. More than 100,000 people are thought to tilin movement. Only pockets of resis- the only opposition newspaper

"It's only Suhartn whn is gone, not the regime," said a human rights worker in Dili. "We hope that during the era of reform that the situation in East Timor will be heart. The military is still in East. will change. The military is sull in East Timor, and when people see them they're afraid."

Still fresb in the memories of activists in Dili is the massacre of at least 50 demnnstrators in 1991. The killings brought widespread international condemnation against Indonesia and led the United States to suspend most of its military assistance to the Suharto gov-

Mr. Habibie has said he would be willing to grant special status to East Timm, but activists in Dili say that this is akin to Mr. Suharto's integrationist policy and that they want nothing less than the right to determine their own

The former regime feared that giving independence to East Timor would inspire separatist sentiment among other disgruntled groups across the vast archipelago. People in the regions of Aceh and Irian Jaya have waged their own struggles against the administration in

The governor in Dili, Abilio Jose Osorio Soares, has called for dialogue and said he plans to meet with im-prisoned the East Timorese resistance leader. Xanana Gusmao, io Jakaria.

On the other hand, the governor was quoted in a local newspaper as saying that demonstrations were counterproductive and that there were better ways for people to air their views.

Everyone can express their aspira-tions, because the door of the governor is always open, as long as it is not based on emotional hatred." Suara Tintor Timur



A daughter of one of four men killed in a raid by Eritrean planes and An Ethinpian spokeswoman. Ethiopia this week accused Er helicopters lamenting her loss at her home Friday in Adigrat, Ethiopia. Selome Taddesse, said Ethiopia had expelling 3,000 of its citizens.

# **Ethiopians Fear New Raids**

After Eritrean Attack, People Flee Town or Hide at Home

ADIGRAT, Ethiopia - This Ethiopian roountain town was almost deserted Friday, a day after a bombiog raid by Eritrea that residents said killed at least four people and wounded 30.

Most inhabitants, fearing further attacks, have fled to surrounding villages, nfficials said, while thuse still here huddled in their houses.

Probably hundreds have died in the border conflict between the neighbors that started on May 6 and escalated June 5 with a series of air raids.

A third front opened Thursday close to strategic Red Sea shipping routes when both sides reported fighting about 70 kilometers (45 miles) from the port of Assab. Mediation by the United States and

Rwanda arreated to be stalled, dip-lomats said, as another evacuation flight for foreigners prepared to leave the Eritrean capital, Asmara.

captured two Eritrean tanks, three anti-aircraft guns and destroyed two tanks and an anti-aircraft gun Thurs-day in fighting on the Sberaro and Badame front.

In a further sign of deteriorating elations between the two countries, Ethiopia asked selected members of Eritrean political and community organizations to leave. The spokeswoman told reporters that some of them had been involved in espionage and fundraising for Eritrea's war effort.

Eritrean managers in "security sensinve" posts, such as telecommunications and power generation, would go on one month's enforced leave. while Ethiopia-based leaders of the ruling Eritrean People's Liberation Front would have to leave.

She said their families could stay and their property would not be confiscated, Trade sources said mose wno were asked to leave included about 70 prosperous Eritrean businessmen. Ethiopia this week accused Eritrea of

# Habibie Slates Presidential Vote For December '99

JAKARTA - Indonesia will have a new president and vice pres-Ident on Dec. 22, 1999, the official Antara press agency quoted President B. J. Habibie as having said.

Mr. Habibie, who succeeded President Suharto on May 21, said he would not seek re-election when the 1,000-member People's Consultative Assembly, which is known as the MPR, next meets to elect a president and vice president, Antara reported Friday.

When the MPR elects a pres-

ident and vice president, it will obviously ant be me." Mr. Habibie was quoted as having said Thursday at a meeting with the Indonesian Chamber of Commerce.

"When on Dec. 22, 1999, the MPR general session has elected a president and vice president, I will consider my task as presideot com-Mr. Habibie had previously in-

would be held next year and that he did not plan to be a candidate, but he had not specified a date. 'That is good news," an analyst with a foreign brokerage in Jakarta said. "It helps clarify the political

dicated that a presidential election

Mr. Habibie said Tuesday that parliamentary elections would be held next May after new laws were put in place to allow more political parties and guarantee political freedoms.

After a parliament was elected, the consultative assembly could be conveced to choose a new head of state, Mr. Habibie said. The body is made up of Indonesia's 500 members of Parliament and 500 selected military and civilian officials.

Several opposition grnups and

student priniesters have said that Mr. Habibie's timetable is too slow and that elections and thorough political reform should come sooner. Indonesia is in the midst of its worst economic crisis in decades.

About 5.000 students protested outside the Parliament complex on Wednesday, demanding a session of the consultative assembly as soon as possible. A group of retired generals is also demanding a session by July at the latest.

# Murdered Journalist Gets Moscow's Attention

By Celestine Bohlen New York Times Service

MOSCOW — For several years Mospressed the government to help Larisa But it was only this week, after Mrs.

tance remain, but human rights workers tell of continued abductions, torture and intimidation of civilians.

region was in serious danger.

After Mrs. Yudina's body, with a fractured skull and knife wounds, was iden-

In a report delivered Thursday to the State Duma, an official from the chief

local government headed by Kirsan Ilyumzhinov, one of the most flamboyant regional potentates in Russia. For those who have closely followed

cow-based journalist rights groups have Mrs. Yudina's bartle with Kalmyk authorities, those conclusions had a fa-

federal authorities about the total vi- impunity, Mr. Simonov said, pointing to olation of Russia press law in the case of Bashkortostan. There the Kalmykia, said Pavel Gutiontov, local president, Muraza Rakhimov, is Nobody wanted to get involved. It is a very well to say fine words about freedom of the press, but this could only happen because of a lack of political will in Moscow."

Late last year the Glasnost Defense Fund, a private group that defends press freedom in Russia, published a booklet State Duma, an official from the chief prosecutor's office said three suspects being held in the case had links to the Kalmykia. that identified 10 vinlations of the press

"There was no reaction," not even from Mrs. Yudina's colleagues, according to the president of the fund, Aleksei Simonov. "That is the great problem to this country where a person who is to be heard has to be silenced first."

Other regional governments have also For three years we have been telling suppressed opposition newspapers with

> Mrs. Yudina came under pressure from Kalmyk authorities for her investigations into the business dealings of Mr. Ilyumzhinnv's government, in particular his plan to create an nffshore zone in the republic, which is on the steppes north of the Caspian Sea and has a mostly Buddhist population of mostly 320,000.

Mrs. Yudina, who worked at Soviet Kalmykia in the Soviet era, had became political assassination.

the lone public voice of opposition in Kalmykia in recent years, after Mr. Ilyumzhinov's election in 1993. The worst harassment occurred soon after the election, when someone fired a pistol at the newspaper office, Mrs. Yudina's apartment was set on fire. Later the newspaper was pushed out of its printing plant and had to find plants

tributed from Mrs. Yudina's car. The have died over the past 23 years as Indonesian troops attempted to crush a pond outside the city of Elitsa, that mittee. "And in all these years the fedrebellion by the armed wing of the FreMoscow took note of the warnings that eral authorities have done nothing, were removed from the ballot for techremarks about a distinguished Kalmyt. 'She published very harsh criticism, which was very one-sided." said Erdni

in neighboring regions. Copies were dis-

Shamakov, chief editor of Izvestia Kalmykii, which is loyal to the local government. Mr. Shamakov said he doubted that the killing was polinical.

Mrs. Yudina had recently become a local co-chairwoman of a national liberal party headed by Grigori Yavlinsky. who this week called her the victim of a



A barbed-wire fence on the border of Kosovo and Albania framing a scene of refugees fleeing Serbs on Friday.

# KOSOVO: Immediate End to Serbian Attacks Is Demanded by 8 Major Powers

Continued from Page 1

geni Primakov, said that his country remained opposed to such actions, but Hubert Vedrine, his French counter-part, said, "I think the Russian position is not yet their last word."

The United States maintains that existing UN resolutions on the former Yugoslavia provide sufficient authority for any military intervention that

may be decided.
Mr. Vedrine emphasized the importance of keeping Russia, a tra-ditional ally of Serbia, in the emerg-

does not quickly respond. Russia agreed to a warning issued also take place next week.

by the group that, if international demands were not met, there would be \*moves to further measures to halt the violence and protect the civilian population, including those that may require the authorization of a United Nations Security Council resolu-

"We're all working together as much as we can on this," said the U.S. secretary of state. Madeleine Al-

NATO defense ministers decided Thursday to draw up military plans for intervention, including possible ing international consensus that the air strikes against strategic military world may have to step in to stop the targets in Serbia, and scheduled a territory. fighting from spilling over into the large demonstration of NATO airrest of the Balkans if Mr. Milosevic power across the border from Kosovo in Albania and Macedonia that could

North Atlantic Treaty Organization not participate.

Besides the United States and Russia, Britain, France, Germany, Italy. Japan and Canada joined in the statement Friday. All except Russia and Japan have banned investment in Serbia and frozen Serbian funds held in their countries, and added an additional sanction Friday by banning of negntiations that had been arranged flights by Yugoslav airlines to their last month by a U.S. special envny.

Japan, but not Russia, supported the ban and said it would consider

The British Defense Ministry said banian leader in Kosovo, here for Friday that the exercise could involve talks with some of the foreign minsome 40 aircraft from more than six isters, the group also said that it expected him to make it clear that he countries, including Britain and the rejected violence and acts of terrorism United States. Russia said it would and said it was essential that "Kosnyo Albanian extremists' refrain from violent acts that the Serbs could use as a pretext for continuing their offen-

> Mrs. Albright and the other ministers made it clear that they believed Mr. Milosevic, not Mr. Rngova, was at fault for the premature suspension Richard Holbrooke.

Asked for his reaction to the NATO decisions earlier this week, Mr. With Mr. Rugova, the ethnic Althis is all right."

#### Woman Dies Imitating 'Titanic' Movie Scene

OSLO - A Norwegian woman imitating a scene from the movie "Titanic" lost her grip

on a ship's railing and plunged into the ocean off western Sweden, where she vanished and is presumed dead, an Oslo newspaper reported

The woman, identified only as being in her 30s, was abourd the ferry Queen of Scandinavia on an overnight run from Oslo to Copenhagen when she climbed over a railing and hung outside the ship. She plunged 20 meters into the ocean off Varberg on Thurs-

The newspaper Dagblader, citing witnesses and a friend of the woman, said she had talked about the "Titanic" scene, and then set out to

# MINES: Sealing Off Kosovo

Continued from Page 1

to smuggle in fighters and some The news of the land mines came from

intelligence reports and witnesses. The mines are being planted in an area left vacant by the Yugoslav shelling of scores of towns and villages in What remained was razed, leaving an unpopulated swatb. Military observers

said that the planting of mines would

help ensure that the area remained a desolate buffer zone between Albania and Serbia. "In military terms, mining the border reginn makes sense," said a European

military official. The KLA is pouring men and weapons into Kosovo from Albania If the zone is emptied of civilians and covered with land mines, this will impede the movement of the guerrillas and make it harder for the rebels to use Albania as a sanctuary.

The laying of land mines follows two weeks of an intensive anti-insurgency campaign by Serbs to clear an area along the Albanian border.
As many as 80,000 people have been

As many as 80,000 people have been sent fleeing by the shooting, the destruction of towns and the daily shelling by antillery on nearby hills.

President Milosevic appears to want to empty the border town of Djakovica, where the population of 60,000 has been doubled by an influx of ethnic Albanians from surrounding villages.

from surrounding villages. The Serbs have ringed Djakovica with checkpoints and cut phone communication and most food supplies, according to diplomats who have been able to visit

the area. There has been heavy shelling of the villages around the city for two days, with large shells slamming into area just a mile from the town.

"This is the tactic used to empty the nther population centers," a European military observer said.

"But Djakovica may be the final straw. If the Serbs attack Djakovica, they will create another 120,000 refugees. This may be too much for NATO to swallow."

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#### BRIEFLY

#### Survivors of Cyclone In India Hunt for Food

BOMBAY --- Poor villagers in western India, the shell-shocked survivors of a cyclone that killed at least 735 people, streamed out of their flattened towns on Friday in a desperate search for food and

As people fled down mud-choked roads, the hloated corpses of unclaimed victims were hurned in a mass cremation because they could not be preserved for identification by relatives. Many of the victims of Tuesday's cyclone were salt miners whose families lived far away.

The government decision to hurn the bodies violated the Hindu tradition of allowing the eldest son of the deceased to light the pyre.

### 2 More Children Die In Taiwan Epidemic

TAIPEI - A deadly virus claimed the lives of two more Taiwan children on Friday, pushing the death toll from the epidemic to 34.

Hsu Kuo-hsiung, acting director of the Bureau of Communicable Disease Control, said one child had died on Friday, killed hy suspected enterovirus.

State television later quoted a hospital source as saying a second child had died in Tainan in southern Taiwan.

According to the Taipei City Health Bureau, as of Thursday, some 1,200 children may have been infected, with 148 hospitalized. (Reuters)

# Rain Stalls Afghan Aid

FAIZABAD. Afghanistan — Bad weather hampered delivery for the second day on Friday of urgently needed food for thousands of victims of Afghanistan's devastating earthquake, aid workers said.

Low clouds and continuous rain prevented four helicopters being used by international relief agencies from reaching 50 villages flattened by the earthquake on May

United Nations officials said that residents of remote villages had been supplied a week ago with food for seven days, but that the weather had prevented delivery of a

second week's supply.

The earthquake killed from 3,000 to 5,000 people and affected up to 70,000 in the Badakhshan and Takhar provinces. The United Nations says it has had great difficulty finding helicopters to deliver

#### For the Record

Prime Minister John Howard of Australia said Friday that the outcome on Saturday of the Queensland state election, where his conservative allies are expected to take a beating, would not have an impact on the timing of national elections.

# Laureate Fears More of the Same in Nigeria

By Serge Schmemann
New York Times Service

JERUSALEM — His greatest fear, said Wole Soyinka, the Nigerian Nobel laureate and ardent foe of military rule, is that with the death of one tyrant, the world will not press for the entire junta to step aside.

'The danger is that the international community will make the same mistake it has made over and over again, saying that this change 'angurs that it 'has certain possibil-" Mr. Soyinka said on his way to the airport after a visit to Israel.

The successor to General Sani Abacha as head of the government, General Abdusalam Abuhakar, simply appears to be trying to keep the junta in power, he said. "I know with certainty that the military council will carve up power among themselves," Mr. Soyinka said. "They are several petty tyrants, of whom this man is only the effective head."

The only route, he said, was for the military to release political prisoners and open talks with the opposition, most of whose members were in prison or in exile.

"It is ohviously a critical moment, hut only because it offers the military tear gas, sending demonstrators scuran opportunity to disassociate themselves from events of the past years, and take the kind of action which has

on Friday, was to serve as the occasion Prize in Literature in 1986 and for- about Abacha's death." for demonstrations and perhaps a

showdown with the government. "Unfortunately," Mr. Soy Mr. Soyinka said, "I feel what the military council wants to do is to huy time to resume in some form or another their control over

the political destiny of the nation."
Nothing effectively has changed in terms of the restoration of power to the people of Nigeria, and this is the bottom line, Mr. Soyinka, who is a moral voice for the dissident movement, said. The writer, winner of the Nobel

mally, at least, an exile from his native country since December 1994 - formally, he said, because he has managed to sneak in and out at times was at Hebrew University here reading a lecture when he learned that General Abacha, head of Nigeria's

military government, had died. "I had just finished my usual analysis of the evils of Abacha's regime.' Mr. Soyinka said with a chuckle, "when somebody came at the reception and asked for a comment

Mr. Soyinka was interviewed on his way to the airport for a flight to London, where he planned to meet other members of the exile opposition. He said about 500 active memhers lived ahroad, and at least 300 other opponents of the regime were in

Nigerian prisons. Mr. Soyinka himself spent nearly two years in Nigerian prisons, produ-cing a body of poems. He was charged in absentia with treason last March.

"Our program is to strengthen all structures, all structures of opposinon, to make sure we're not caught with our pants down," he said.

Mr. Soyinka said the "most rational direction" for the military leaders would be to place the apparent winner of the 1993 election, Chief Moshood Ahiola, at the head of a government of national unity and to hold elections to

a new national assembly. The 1993 elections were annulled by the military, evidently because of their unhappiness at the election of Chief Ahiola, who would have become head of a civilian government. He was later jailed for proclaiming himself president.

Before his death, General Abacha was preparing for elections this summer and a government transition Oct. 1, but the process was broadly denounced as a ploy to keep him in power. So far, Mr. Soyinka said, General Abuhakar has spoken only of continuing that process.

CHINA: Gearing Up for Clinton Continued from Page 1

political spectrum here seem to welcome the visit to the square. They believe it could bolster China's standing in the world and could nudge China's leadership toward a reappraisal of the crack-

They also say that Mr. Clinton's entire visit to China is more important than any particular stop. It gives these Chinese hope that relations between the United States and China might improve rapidly and that China will become a freer, more prosperons place.

The president's trip, set for June 25 to July 3, is already getting positive media coverage here, and for many Chinese, the visit of an American president under such warm circumstances is a sign . that China is opening.

Li Lan, 28, a graduate stu-dent at Qinghua University, says she is happy that Mr. Clinton is coming to Tianan-

.... men Square. 'It shows that the United States can be mature about its differences with our government. Many of us have differences with the govern-ment, too," she said, citing her belief that widespread -corruption and nepotism are severely hurting China.

"But I think a leader of a great nation like the United States should come here and do things according to our formula. Then, within that formula, be can speak freely. And I know that many of us want him to speak, for him and for us.

For Xie Xiaomin, 39, a trader at C. Itoh Corp., a Japanese trading house, the visit to Tiananmen Square is a sideshow to what he hopes the two nations will accomplish.

Mr. Xie says he "sympathizes" with the students and other citizens who demon-... strated in the square for more than six weeks in 1989. But, he says, the Asian economic crisis and the nuclear standoff between India and Pakistan rare threats to China and the United States and must be ad-

''June 4 has already passed," he said. "The important thing is that China and America communicate. It's really simple. Why can some people become good friends? Because they communicate often." Mr. Clinton's appearance in Tiananmen Square Tisn't for the purpose of Tiananmen, but for the two

countries' interests. For Li Hong, 27, an insurance company employee who was reading an article about the Spice Girls during ther Innch break, Mr. Clinton's visit to Tiananmen is not a slap at those who died there. "I think it's a completely different thing," she said. "That place also has our Monument to the People's Heroes."

Although the White House has announced that Mr. Clinton is not scheduled to speak at the welcoming ceremony, some here wonder if the talkative and politically astute American president — who confronted President Jiang Zemin at a Washington news conference by saying that the Chinese government was on the "wrong side of history" regarding the Tiananmen crackdown --- will follow the

China in the 1990s is marked by a diversity of opinion. For those jailed as a result of the Tiananmen protests, Mr. Clinton's visit to the square brings ambivalence and passion.

Bao Tong, a Communist Party official who was imprisoned for seven years after the crackdown, said he believed the decision to visit the square was Mr. Clinton's to

"I really can't speak for the president of the United States," Mr. Bao, 65, said in a rare interview last week before being told hy security agents to stop granting interviews to the foreign media. That decision is somethin only he can make."

Liao Yiwu, a poet who spent four years in prison in Sichuan Province for memorializing the victims of Tiananmen, is critical of Mr. Clinton for coming to China in June because of the month's association with the crackdown.

In an open letter to Mr. Clinton written on June 4 and made public Tuesday, Mr. Liao argues that the United States is more concerned with economics than in maintaining its traditional role as a beacon of freedom and democracy. In an interview, Mr. Liao said that Mr. Clinton's visit to Tiananmen would be acceptable to him only if Mr. Clinton were to take a page from John Kennedy's famous speech at the Berlin Wall during the height of the Cold

"If Clinton has the courage to say: 'I am a Beijinger,' then I think he could go there. But I don't think he'll do that,' Mr. Liao said.

The United States "should promote freedom and democ-" Mr. Liao added. "He shouldn't give up America's traditional idealism."

The authorities have not approached Mr. Liao about the letter and comments, he said, adding, When you speak the truth,

there are consequences." On Tuesday, a group of 23 dissidents called on Mr. Clinton to push his hosts on the issue of human rights during his visit and to try to get a solid commitment on when China will sign the UN Covenant on Civil and Political Rights, which former Foreign Minister Qian Qichen promised in March to sign.

LAGOS: The Police Break Up Protests

Continued from Page 1 Mr. Fawehinmi has been detained before and released, but his arrest Friday was sure to deal another blow to an opposition already weakened by the imprisonment or exile of most of its main leaders.

In the Yaba district on the city's north side, several vehicles filled with riot police roared into position Friday to block 300 protesters from marching toward the area's main bus terminal. The police fired hullets and

rying for cover. Another 500 to 600 activists were dispersed with tear gas, witnesses

This is not about Abacha or about Ahnhakar," said a University of Lagos snident, Dele Alahai. "It is a struggle for democracy." The protests were organized months ago to mark the five-year an-

niversary of the annulment of Nigeria's last presidential elections on June 12, 1993, and to call for freedom for Mr. Ahiola, the imprisoned billionaire businessmen believed to have But the demonstrations took on an

added significance, coming only days after General Ahubakar was appointed leader of this oil-rich but impoverished West African country. not been taken since they annulled the elections of June 1993. Mr. Soyinka said. A man dressed in a coat and tie General Sani Abacha, notorious for was held by one policeman while his hrutal and oppressive rule, died

said. The anniversary of the elections, another kicked and slapped him from Monday of a heart attack. 20.30 CET 1. THE BEAR Top music news from around the world 2. COVER VERSION: The main music story of the week 3. FRESH CUTS: New international album releases 4. INSIDE TRACK: In-depth artist proffle 5. GLOBAL GIGS: Who, what, where and when 6. FLIPSIDE: Ground-breaking artists 7. FROM THE VALLE Blasts from the past 8. World Beat Top to Global Album Chart

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THE WORLD'S DARLY NEWSPAPER

# A Permanent Court

For more than a century, people for peace and security, humanitarian-have entertained a vision of a per- ism and rescue, counterterrorism, manent international criminal court that would try the perpetrators of great crimes who could oot otherwise be held to account in their home countries. Like Pol Pot and Radovan Karadzic:

The trial of German war criminals at Nuremberg gave the idea a first life. The end of the Cold War gave it a fresh opening. In the human rights movement, it found a constitueocy. Ethnic conflicts made it urgent. A United Nations conference to write the vision into

reality opens in Rome on Monday. The idea has its appeal, along with its limitations. An international criminal court could deter and, that failing, punish future instances of genocide, war crimes and crimes against humanity. But several threshold and procedural questions still need to be ad-

Why not stick with the one at a time, cut to size pattern of the Yugoslavia and Rwanda war crimes tribunals rather than set up another permanent and expensive United Nations buteaucracy? "Tribunal fatigue" and the possibilities of economies of scale are cited, along with the preferences of General Assembly members who resist Security Council cootrol over the two existing tribunals. But these claims do not sweep all before them.

In fact, a strong Security Council role is essential for the United States to meet its unique global responsibilities

ism and rescue, counterterrorism, counter-drugs. counterproliferation and other post-Cold War missions. The far-fluog military deployments that serve these interests cannot be left exposed to mischievous criminal legal proceedings.
The dismal precedent of NATO's

hesitancy to use its massive military superiority to round up all Yugoslav war crimes suspects also must be coofronted. It goes to a matter untouched hy court procedures: political will. What reason is there, beyond NATO's very slow progress in Bosnia, to expect that a permanent court could elicit more coutage from its members than they are showing now? It is easier to deal with a prosecutor run amok — a prosecutor can be legally constrained - than with a membership that shrinks from armed conflict.

These tensions are familiar to the Clinton administration. Many foreign frieods of the United States are pulling one way, while skeptics at home - and in the Senate, which must rarify - are leaning the other. The administration is struggling to present a treaty that would at once respect American interests and win American support. It is probably right in believing that a judgment on whether a permanent criminal court is either essential or feasible awaits resolution of the myriad differeoces in the text that the oegoniators will sit down to for a month in Rome.

# Unholy Breach

The Wisconsin Supreme Court's decision upholding the use of public funds for parochial school tuition strikes at the very heart of the constitutionally mandated separation of church and state that has served American society so well. Although a few recent U.S. Supreme Court decisions have relaxed strictures against using public money to support certain ac-tivities in parochial schools, those cases have dealt with tangential andvery limited benefits to the churchsponsored institutions. No appellate court, including the Supreme Court, has ever allowed the huge transfer of taxpayer money that the Wisconsin voucher program will put into parochial school coffers.

The vouchet plan allows up to 15,000 low-income students in Milwaukee to attend private or parochial schools with tuition paid fully by the state. Currently, only 1,500 students have used the vouchers to attend private, nonsectarian schools. The program's growth depends on enrolling thousands of students in parochial

Under the funding plan, the state will pay the parochial schools the full cost of instruction for each voucher-bearing student or \$4,700, the amount the state currently spends on each student in the Milwaukee public school system. For each student who transfers out, the public schools lose \$4,700. The potential loss to the Milwaukee public schools could reach \$70 million a year.

The state court argues that the voucher program, hy giving students

the choice of a private or parochial school, is religion-neutral. But this veneer of choice does not change the fact that taxpayer dollars would flow into sectarian institutions in contravention of the First Ameodmeot prohibition against the establishment of religion. Many church schools that would be tax-funded have religious indoctrination as a core purpose.

- THE WASHINGTON POST.

The Wisconsin court's oarrow analysis is naive on several levels. It fails to recognize the desire of many voucher proponents to add religious content to public education. It also fails to foresee the patronage bonanza that would result among politicians competing to funnel tax tevenues to the institutions favored hy their constituents, whether they be urban Catholics in Northern cities or suhurban Protestants in the Sun Belt.

The Wisconsin decision, if upheld by the U.S. Supreme Court, would have a devastating impact on public education nationwide.

Many states will follow the Wisconsin example, given the power of the religious lobbies. Parents will essentially be left to choose between a statesupported private education system and the old public school system. As more families opt out of the public schools, those schools will starve. The downward spiral is easy to map. The question now is whether the U.S. Supreme Court will have the wisdom to see that vouchers attack not only constitutional principles hut the common schools that are essential institutions for a democratic society.

- THE NEW YORK TIMES.

# Diplomatic Fiasco

administration has shifted from boasting to backtracking about its big drug money laundering sting in Mexico. More than 150 suspected drug traffickers and their alleged banker confederates were arrested, but Washington. inexcusably, failed to obtain Mexico's approval for undercover operations carried out on Mexican soil. That failure has turned a law enforcement coup into a diplomatic fiasco, with the administration now trying to repair the damage to drug enforcement efforts.

The episode began when American Customs agents began encouotering large checks issued in dollars by Mexican banks - ideal instruments for laundering drug profits. The Customs Service, which is part of the Treasury Department, ran a sting operation in the United States to collect more information. Then it notified midlevel Mexican officials and asked for permission to extend undercover operations to Mexico. American and Mexican accounts differ on how much detail Customs provided about its findings and its undercover plans. But both sides agree that Mexico never gave the approval that

In less than a month the Clinton

Treasury legally needed to proceed.

That should have moved matters to a higher level of discussion between the two governments. Mexico's attorney general could have been approached. or President Ernesto Zedillo himself.

Instead, American officials concluded that corrupt or incompetent Mexican officials were sitting on their request. Treasury Secretary Robert Ruhin allowed the sting to proceed withour Mexican permission. Neither Secretary of State Madeleine Alhright nor the White House "drug czar," Barry McCaffrey, were informed of this unlawful and undiplomatic venture.

Undercover activities are sometimes oecessary in the fight against Mexican drug cartels, and many Mexican law enforcement officials are tied to the drug trade themselves. But Washington should not stage operations in Mexico without the approval of Mr. Zedillo or one of his calinet ministers. Violating Mexican sovereignty is a sure prescription for undermining cooperation between the two governments, without which there can be no hope of success in the fight against drugs.

— THE NEW YORK TIMES

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# Russia: A Global Cash-Flow Problem With Nukes

WASHINGTON — Russia poses history with its first nucleararmed cash flow problem, implicitly threatening creditors not with a bankruptcy filing but with Armageddon if Moscow's deal with the West goes south.

Rescuing the deal, which provides Russia with transitional economic help in becoming a stable capitalist democracy, remains an offer the West canoot afford to refuse.

But the deal has become both troubled and troubling, as corruption and mismanagement have eaten away at the foundations of the new Russian state. It is time for Western policymakers to reexamine the terms of the deal, and especially the role President Boris Yeltsin will now play in Russia's rescue.

Global financial trends have moved decisively against Russia's robber baron capitalism in recent months, creating a historic crossover in raw power terms that the world's international financial institutions, central banks and private investors are ill-equipped to handle. Their actions on interest rates, currency values and balance of paymeots support suddenly become the stuff of war and peace decisions over the horizon.

Russia is today a local financial crisis wrapped in a national political dilemma inside a global economic storm.

By Jim Hougland

Unable and, until recently, unwilling to collect enough taxes to make ends meet, the Russian government is now approaching the limits of what it can realistically borrow from abroad and

It is desperate for cash at a time wheo worried foreign investors are yanking money out of emerging markets, in-

cluding Russia. The frenctic efforts of Mr. Yeltsin, ooce again back from the grave threatening to chop off heads and fire govemments on a moment's notice, do oot seem to be turning the tide. Mr. Yeltsin and his new prime minister, Sergei Kiriyenko, are making a maximal political effort but achieving an insufficient financial result.

Pressure cootinues to mount on the politically vital exchange rate of the Russian ruhle and on the beleaguered Russian stock market. A ruble collapse would instantly revive inflation for Russian consumers, already disgruntled by many features of the transition in capitalism. A stock market collapse would give a black eye to the capitalist system as a viable path for Russia.

Staving off such calamities was almost certainly the primary motivation

ternational Monetary Fund to release \$670 million in support funding for Mr. Yeltsin's government, despite continuing shortfalls in areas the IMF had demanded be resolved.

Mr. Yeltsin's abrupt firing of Prime Minister Viktor Chemomyrdin in March and his appointment of the much younger, more financially adept Mr. Kiriyenko gave the IMF more room to maneuver in cootinuing its loans. It is even conceivable that Mr. Yeltsin may have engineered the still largely unexplained and humiliating timing of the dismissal of Mr. Chemomyrdin to influence international lending and in-

vestment patterns. On a recent visit to Moscow, I asked the ohviously chastened Mr. Chernomyrdin if he understood why Mr. Yeltsin had been so abrupt in firing him after a five-year partnership.

That is a question only he can answer," the former prime minister said of the president. "I am sure there was oothing personal in it. We had talked about this change, and agreed it was necessary so I could engage in other activities. But the hig question was when," Mr. Chemomyrdin said, indicating that he had not been coosulted on the timing.

Mr. Chemomyrdin dismissed ru-

in this month's decision by the In- mors that Mr. Yeltsin had become upset over the prime minister's increasing visibility and apparent intention to run for president in the year 2000, a race that Mr. Yeltsin himself now seems to be considering despite earlier state-

ments that he would not run. "I think he will do what he said. when he told the world" he would not run, Mr. Chernomyrdin stated. "As for me, my current efforts all have to do with preparing for the parliamentary elections of 1999, which will determine the politics of the year 2000 election. I am not thinking of 2000."

All signs in fact point to Mr. Yeltsin's seeking a third term, despite constitutional questions about his eli-gibility and high negatives in polls. The shadow of his candidacy is rapidly be-coming a divisive and destabilizing factor in the intertwined world of Russian politics and finance.

Mr. Yeltsin should instead be working toward a well-planned, transparent succession in 2000 that would help entrench market reform, stamp out cor-ruption and establish predictability as an important norm in Russia. That should be part of the new deal that is needed to continue Western economic support for this half-century's most important economic and political transitioo.

The Washington Pust.

# It's Too Late for a 'Preventive Deployment' in Kosovo

By Anna Husarska

SARAJEVO, Bosnia-Herze-govina — The mountains straddling Albania and the southern Serbian province of Kosovo are called "Prokletije" - the Damned.

This international border may be about to live up to its name. It is in Prokletije, the Damned Mountains, that the United States and its allies are teportedly planning to station troops in a "preventive deployment."
This is no solution. Not at

this stage of the Kosovo crisis. Not anymore.

In March, the International Crisis Group - which has experience monitoring the implementation of the Dayton peace agreement in Bosnia called for precisely such an operation, saying it would help the conflict in Kosovo from spreading and would facilitate effective action if an intervention became necessary.
At the time, NATO was not

planning a deployment, let alooe an intervention, because the Kosovo question was being handled (or mishandled) by the

six-nation Contact Group, Britain, Germany, Italy, France

and Russia.

The Contact Group set President Slobodan Milosevic of deadlines to stop the violence in Kosovo, all of which he violated.

This is a scary hut not so outlandish idea. In Sarajevo, all through the war the size of the violated. violated.

Recently it dawned oo West-em leaders that NATO would be a better vehicle than the Contact Group, but it is probably too late for the preventive deployment of ground troops - unless such deployment is the first stage of an intervention.

There is nothing much to prevent anymore. Bosnia-style scenarios are already unfolding in Kosovo, and on our television screens, But the worst Bosnia-style

outrages are still to come, and they may happen in the Damned Mountains. What exactly would NATO troops already stationed on the .

Albanian side of that border

Hundreds of refugees, made up of the United States, mostly women, children and old men, flee across the frontier every day. Would a NATO soldier dare sinp these illegal immigrants from crossing?

through the war, the airport was guarded by UN troops who prevented Sarajevans from escaping the Serhian siege. Is the international community again about to force Muslims to be sitting ducks in a Serb-run shooting gallery?

A lot of people are also going in the other direction in the Damned Mountains. Young ethnic Albanian men travel from Albania proper — where they receive military training to Kosovo, where they fight in the Kosovo Liberation Army.

Are NATO soldiers about to stop those young men from re-turning home to fight the Serbian police and army troops that are attacking their families?

the mujahidin not help the Bosnian government forces, bot when the Yugoslav National Army and paramilitaries and irregulars from Belgrade helped the international community was sileot

There is also mule traffic in the mouotains. Those mules bring into Kosovo weapons that the Kosovo Liberation Army uses in its fight against the Serbs. Those guns are from arsenals looted in Alhania proper or else imported from third countries.

For NATO soldiers to stop this flow would be the moral and practical equivalent of the arms embargo that the United Natioos imposed on Bosnia during the four years of war. Is the international community about to repeat this most inglorious chapter of its involvement in Bosnia?

A danger exists that a logistically complicated NATO deployment in the Damned Mountains (7,000 to 23,000 During the war in Bosnia, the troops are said to be considered) would be the only concrete ef-United Nations insisted that

fort to stop the war in Kosovo. If NATO has plans to do anything to actually stop the conflict, it should by all means go ahead. But it will likely take air the Bosnian Serb aggressors, strikes on strategic targets inside Kosovo, not merely air exercises, if the West wants to halt the Serbian aggression.

Politicians should spare us the saber rattling and chest

thumping.
Take this statement: "We cannot afford to ignore what appears to be a deliberate and systematic extermination of human beings based on their ethnic origin. I would begin with air power, against the Serbs, to try and restore the basic cooditions of humanity.

Sounds tough, doesn't it? That was Bill Clinton in August 1992. He did not scare Slobodan Milosevic then, and as a result it will take even more to scare Mr. Milosevic now.

The writer, o political onalyst at the International Crisis Group, cantributed this comment to the International Her-

# Asia's Nuclear Shock Waves Rock the Middle East

TERUSALEM — Many significant changes have occurred in the international arena during the last decade of the 20th century. Two are of particularly far-reaching importance: the disintegration of the Soviet empire and the upheaval

in the Gulf. The first changed the strategic equation in the world at large, while the Gulf War affected the military and political structure of the Middle East.

Both events evoke the specter of nuclear proliferation. The danger that the successor states of the Soviet Union could lose cootrol of the Soviet nuclear and hallistic arsenal, and the discovery that Iran and Iraq had developed weapons of mass destruction, promoted the United States to intensify efforts to stop nuclear proliferation and to advance the resolution of regional con-

The Arab-Israeli peace confereoce, convened in Madrid in 1991 hy Washington and Moscow, was the first product of the new U.S. policy. Another was the signing of several international convenions designed to halt the production of nonconventional arms and delivery systems for ballistic missiles. India and Pakistan, nonsig-rying nuclear arms.

U.S. Must Take the Lead

inclusive regional security system.

the Second Nuclear Age.

THE five traditional nuclear powers, meeting in Geneva on Thursday, pressed India and Pakistan to accept limits on what

they do oext and to begin accepting the responsibilities demanded of nuclear states. But these nuclear imperatives must not deflect the

great powers from the more basic work of dealing with underlying

security issues. Only the United States has the reach and the

resources to take the lead, and it must do so. It needs to foster

international engagement with both India and Pakistan and with all

their affected oeighbors, including the full range of security

concerns that reach across the far-flung but interconnected region

from the Middle East across South Asia and ioto China - an area

up to that dubious distinction. With India, this will also require a

The current crisis requires a coherent strategy and sustained,

long-term effort that encompasses many countries and critical

bors. Conventional as well as nuclear arms control must be

pursued. The first steps should be taken toward creating an

China and be prepared to launch a strategic dialogue with Beijing.

beyond appeals for restraint in its own actions, as part of a far-

reaching strategy that is carried simultaneously by U.S. cahinet officers to New Delhi, Islamabad, Moscow and other capitals. This

is the necessary beginning of efforts to deal with the corrosive, root

problems of security and power across South Asia and to forestall

- Robert E. Hunter, a senior adviser at the Rand Corp...

commenting in the Los Angeles Times.

American and Indian surliness in dealing with each other.

By Gideon Rafael natories of the Nuclear Noo-

proliferation Treaty, refrained from joining the new conveotions. Israel, though also not a signatory of the pact, signed the Comprehensive Test Ban Treaty and supported U.S. efforts to curb the ballistic missile race. Moreover, Israel declared its

willingness to join a Middle East nuclear-free zone proposed by Egypt - after the establishment of a comprehensive peace extending from the Gulf to the Mediterranean.

Hopes were nourished, in particular by the United States, that the peoples of the world could pass peacefully over President Bill Clinton's "hridge" to the third milleonium. However, the 20th century seems to be ending not with a whimper but with a bang of nuclear hlasts.

The United States slapped strict sanctions on India and Pakistan. The UN Security Council unanimously condemned their nuclear tests and endorsed the demand of its five permanent members, the only recognized nuclear powers, "to halt the production and deployment of missiles capable of car-

The question is whether these measures suffice to stem the nuclear tide that has risen with the convergence of rabid na-

and irredectism.

All the contemporary regional conflicts - from Bosnia to Kashmir, Jerusalem to Belfast. Tehran to Baghdad - are nourished by these ingredients.

tionalism, religious fanaticism

They erupt with particular vehemence in areas of economic and political distress, where fear, frustration and fury gain the upper hand over reason and realism; where politicians, instead of weeding out the sprouts of violence, nurture them; where the world powers refrain from cooperating and instead

assert their influence. The shock waves triggered by the nuclear tests in South Asia were registered with particular intensity in the Western part of the cootinent. Alarms are ringing throughout the Middle East. Three of the most persistent contemporary conflicts beset the Asian continent: Korea, Kashmir and Israel-Palestine.

No less threatening and combustible is the unsettled conflict between Iraq and Iran, and the advance of Islamic fundamentalism, which meoaces the stability of a oumber of Arab countries.

The existence of nonconventional weapoos in the Middle East is well known. Israel got a foretaste of things when Iraq hit it with Scud missiles, which are capable of carrying chemical and hiological warheads. These attacks added a new dimension to the Arab-Israeli conflict, sharpening the awareoess and understanding of the indispensahility to Israel of a persuasive

two decades ago dubbed the "arc of crisis" and that is now living deterrent capability. To aven the use of weapons special effort to overcome the strange but persistent history of of mass destruction, the parties to the conflicts must be urged to avoid aggravating existing tensions and to make determined, factors of security. Each of the major regional states must be sustained and convincing efbrought to understand the reciprocal security needs of its neighforts to settle their disputes.

The international community should help parties that cooperate with peace efforts but with-President Bill Clinton should change his agenda for his visit to draw its favors from those that hamper these efforts. But diplomacy alone will not

be enough to curh the nuclear threat. The five declared nuclear powers — the United States, Britain, France, Russia and China - could do so if they were to extend, joinly or sep-arately, their nuclear umbrella to countries threatened with attacks hy weapons of mass de-

As long as such protection is unavailable, threatened states will seek to acquire their own deterrent capability - thereby accelerating the escalation of nuclear anarchy. In Israel, the former govern-

ment headed by Yitzhak Rabin advocated and pursued a course of disarming the conflict by peaceful means. In a declaration to the Knesset in August 1992, Prime Minister Rahin

"The danger of introducing nuclear arms is one of the most central issues that concerns the survival of Israel.

'One of the means of facing these dangers is international cooperation, which the United States must spearhead, belping to reduce the frictions in the Arab-Israeli conflict hy promoting peace wherever possi-hle. The security of Israel does not depend on two kilometers here or one kilometer there, but rather on what awaits us.

"A lot depends on what we do in the area of peacemaking and the attainment of internarional assistance, led by the United States and other elements, in the struggle against nuclear proliferation.

Mr. Rabin translated his vision into concrete policy. The

signing of the Oslo accord with the representatives of the Palestinian people, and the peace treaty with Jordan, bear witness

An assassin's hullet not only felled Mr. Rabin hut stopped the momentum of Arab-Israeli rapprochement. Benjamin Netanyahu has not stayed the course of his predecessors. He has led the peace negotiations into a dark alley. The flash of the recent nuclear detonations illuminates the perils inherent in

this stalemate. The ouclear tests carried out by India and Pakistan severely aggravate tensions in the world's most volatile regions. They must alert the forces of reason and responsibility to act in unison against the threat or use of weapons of mass de-

struction. The fateful challenge facing humanity at the dawn of the third millennium is this: Can we rally to huild a safet world, or will the swelling ranks of nuclear horsemen drag us all into the abyss of Armageddoo?

The writer is o former Israeli ombassoder to the United Nations and o former directorgeneral of Israel's Foreign Ministry. He contributed this comment to the International Herold Tribune.

#### IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Speedy Traffic PARIS - [The Herald says in

an Editorial:] The use of automobiles, for husiness as well as for pleasure, has increased in the streets of Paris to such an exteot that these horseless vehicles are regarded as likely to drive out carriages, just as the railway has put an end to the mail-coach. This innovation is already beginning to cause some anxiety to the authorities, owing to the tendency of automobilists to drive too fast. M. Blane, the Prefect of Police, has issued new regulations for the control of the new traffic, and many persons have already been the subjects of a proces-

1923: Opium Hearing

PARIS - The American delegates to the hearing of the Opium Commission of the League of Nations, which was recently

verhal for this offence.

held in Geneva, have now all returned to Paris, well satisfied with the victory gained when the nations represented at the conference accepted a resolutioo hased on the American demand for a definite control of drug production.

1948: Soviet Refusal BERKELEY - President Tru-

man declared today [June 12] that "refusal of the Soviet Union to work with its war-time Allies for world recovery and world peace is the most hitter disappointment of our time.' Mr. Truman said the cleavage in settling international diffetences has not been between the United States and the Soviet Union but between the Soviet Union and the free oations of the world." He said man's hope for peace was "too sacred to be trifled with for propaganda purposes or for selfish advantage by any individual or nation."

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# Bernini the Magnificent

Rome Gathers Sculptures From the Master

By Roderick Conway Morris International Herald Tribune

OME — Bernini, as his far beyond Rome and Italy. greatest patron Urban VIII
observed "was made for Rome, and Rome for him." And it was largely thanks to Urban that Bernini was able to place his stamp on this city in a manner unparalleled hy any other artist on any other city.

The sculptor transformed the interi-"Baldacchino" over the high altar, larger-than-life saints, monumental fombs and the decoration of the vaults; he completely reordered the appearance and impact of the vast square in front of the cathedral with his majestic double colonnade, and transfigured the dark, narrow stairway that previously led down from the papal Vatican apartments to St. Peter's by creating the magnificent, light-filled Scala Regia.

His churches provided the model for dozens of subsequent ones; he placed also at the Borghese. Following the exhimself center stage in several of ample of Caravaggio especially, Bernini Rome's finest piazzas with his ehul- brought to sculpture a sense of drama lient, fantastical and humorous foun- and naturalism, and launched the daring

tains, and made the Sant'Angelo bridge linking the city with the Valican his own by lining its parapets with his angels. Bernini practic-

ally invented the Baroque, throughout long life remained its supreme expo-nent. The aston-ishing rapidity and confidence with which he developed this style is vividly demonstrated by "The Sculptor Bernini: The Birth of the Baroque in the House of the Borghese, which marks the 400th anniversary of his own birth. It continues to Sept. 20.

The son of a Florentine sculptor, Gianlorenzo Bemini was one of the most outstanding infant prodigies of all time. He had mastered the techniques

sculpting marble while still a child, prompting Cardinal Barberini to remark to his father, Pietro, when the boy was only 8

was in danger of being surpassed Bernini's "The Rape of Persephone," sculpted in 1621 and 1622. which Pietro replied: "That doesn't enterprise of capturing in stone frozen permanent exhibits, and visitors are oot bother me, because as you know, in

that case the loser wins. The earliest known surviving piece by Bernini is "The Goat Amalthea With the Infant Jupiter and a Faun." It was done when he was 17 and is on permanent display at the Borghese Gallery. So accomplished was it that for a long time it passed as an antique original.

Cardinal Scipione Borghese, the builder of the Villa, now the Gallery, Borghese, was the leading Roman collector and connoisseur of the era, and it was during these youthful years when Bernini was executing commissions to the taut cords of David's sling, and usually several days in advance.

for him that the artist created the new style in sculpture that was to have the soft, yielding flesh of Persephone's voluptuous waist and thighs in the grasp reverberations in a whole range of arts

Some of these works have been at the Borghese ever since, and form the core of the exhibition. But there are in addition several loans essential for filling out the picture: notably "The Martyrdom of St. Lawrence" from the Contini-Bonacossi collection in Florence, "The Martyrdom of St. Sebastior of St. Peter's with his towering an" from the Thyssen-Bornemisza collection in Lugano and the "Hermaphrodite," from the Louvre. As becomes immediately clear from "The Goat Amalthea," Bernini could, while yet in his teens, produce a perfect imitation of an ancient statue. The young genius's problem was where to take his

> Sources of inspiration were the paintings of his contemporaries, particularly Caravaggio, Annibale Carracci and Guido Reni, many of whose works are

of her abductor Pluto as he carries her off to his suhterranean kingdom.

Bernini's ability to translate his loving observation of the human body into palpahle form in marble obviously delighted Cardinal Scipione (who was also a keen collector of pornography). Even the mattress and pillow Bernini carved for the existing Hellenistic sculpture of the "Hermaphrodite" hlatantly enhanced the figure's sensuality by transporting this amhiguous object of desire from the realm of ancient mythology to

the t7th-century bedroom. In striving to animate his portraits, he adopted a novel method of preparing before starting to carve: Instead of drawing at a formal sitting, he would make rapid sketches of his subjects as they went about their daily business. Nor did he necessarily refer to drawings when sculpting. As be told Louis XIV, had he followed the sketches in this way he would have been producing a copy, not an original.

The two uncannily lifelike husts of the epicurean Cardinal Scipione bear early witness to the efficacy of

> there is a near-identical pair of these is because first one turned out to have fault in the marhle, prompt-ing Bernini, who was capable of carving for hours on end without tiring, to produce breakneck speed a second,

this virtuoso ap-

perfect version. In a very different register, hut no less convincing is his melan-choly 1632 por-trait of Urban VIII who once duhbed the artist "a sublime artificer, born hy Divine Disposition' pictured as a

man worn down

by the hurdens of

his office. So advanced was Bernini so early in his career that although the show consists mainly of works from his younger years, it offers the key to his entire development.

Unfortunately, the pieces are Galeria Barghee scattered through a series of rooms amid dozens of

to those familiar with his work. It seems a pity, too, that the organizers have failed to take the opportunity to place works such as "The Rape of Persephone" and "Apollo and Daphne" in their original positions physical naturalism, breathtakingly reagainst walls, as Bernini intended them vealed in dozens of details - from the to be viewed, but left them in their later

provided a plan to find them, neces-

sitating a hunt that is a challenge even

bark beginning to envelop the fleeing placings in the center of rooms. Entrance to the sbow is included with from her fingers and the roots from her the normal Borghese Gallery admistoes as she is metamorphosed into a tree; sions ocket, which has to be reserved,

# Crossing the Last Frontier

 $New\ Names,\ Old\ Scenes\ From\ Early\ Photography$ 

By Souren Melikian International Herald Tribune

ARIS - It is the last frootier of the art market, the only field in which oew works, oew names regularly turn up. Early photography largely remains unexplored territory and France is its greatest hunting

Last month, the auctioneering partoership of Beaussant-Lefevre, assisted by the experts Harry Lunn and Pierre-Marc Richard, held one of those typical sales at Drouot in which material comes out of the woodwork, almost nnannounced by advertising.

A whole collection of daguerreotypes of the 1840s and early 1850s was there, preceded by a period cartoon, "La Daguerreotypomanie." This did Maurisset of the his lithograph printed in 1840 to lampoon the sudden fashion enjoyed by Louis Daguerre's images on silvered metal. Crowds are seen marching in a political-style demonstration (this is France) with banners that read "Section des Daguerreotypolatres" and "Section des Daguerreotypomanes." An anonymous huyer succumbed to the lure of its savage irony, complete with dead bodies dangling from gallows that are being ghoulishly photographed by paparazzi. With its carved period fame, it was hardly overpriced at 6,097 francs (\$1,015).

This was a suitable introduction to a

sale that showed how erratic prices can be in the field of early photography, and how uncertain the criteria remain. Half a dozen celebrities aside, names make no difference because right now most of them mean very little.

Only one specialist, Robert Hershkowitz, an American private dealer based in Sussex, England, could tell me something about Charles Chevalier, whose stamp appeared on the hack of a very fine portrait of a man - Chevalier is the author of an architectural view in the Bradford National Museum of photography. The Chevalier was bought for 2.772 francs hy Lunn, acting on behalf of a Connecticut collector. Minutes later, the oval portrait of a young child hy "Vaillat" (no first name is given)

cost the same huyer a modest 1,663 francs. It was dated May 30, 1848, but that failed to boost it. For the moment, such documentary data are not held to be important. They will be in a few years, wheo

dated material will be sought to establish the chronology of individual artists. By then, more may be known about the likes of "Vaillat," or "Derussy," another photographer, who left his label on the portrait of a French officer done around 1854 (4,435 francs), or Casimir Oulif of Metz, who portrayed a dragoon (2,439 francs), or Jules Duhoscq, oot quite as obscure, who photographed a woman holding a sun shade (6,652 francs). The Connecticut man, who focuses exclusively on daguerreotypes, got all those. Americans, very active in the field of early photography, are some of the most sophisocated connoisseurs who are huilding up closely defined collections.

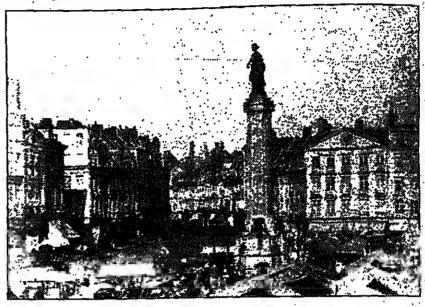
The Connecticut collector's choices point to a taste for posed portraits, akin to those that were painted by artists from the French realist school during the 1850s. An anonymous photograph of a young girl seated at a table, reading, also acquired by him, calls to mind the manner of the painter Francois Bonvin. More highly priced, at 4,435 francs, than several signed daguerreotypes, it was a reminder that the quality of the image is the sole valid criterion guiding buyers.

Another category of dagnerreotypes, at least as compelling as society portraits, records faces and costumes from a time when each province and each social

mandy sitting upright, her features tense with anxiety and yet full of dignity. Two boys, her sons obviously, clutch her arms, frowning, their lips shut tight. The mixture of shyness, suspicion and vague apprehension sums up the uneasy relationship that was maintained between This image from a vanished world was ceotury houses and the mansion under

class had distinctive costumes - and, Lille gave the viewer the impression of some would even argue, expressions that having just stepped into a dreamland untainted by billboards and neon-lighted A striking specimen thus showed a lower-middle-class woman from Norment of yore, seen in all its grandeur, was a stunning revelation.

One could gaze at the Grand Place taken from two different angles, once at the time of the Fete Dieu and another time on market day. The city of Lille gor both of these on behalf of a local historical museum at 7,206 and 11.086 countryfolk and townspeople in France francs respectively. Four arban views for as long as country people, les including one with a domed church at the paysans, retained their individuality. end of a vista lined with 17th- and 18th-



Le Blondel's panoramic view of Lille's Grand Place on market day.



Norman woman with her sons.

acquired by the Bibliotheque Nationale in Paris for 4,656 francs.

But even human documents such as this pale hy comparisoo with the importance of the huge file on French urban huilt up by early photographers, most of them forgotten.

decades extensively covered the town alas, was rehuilt as it stands now.

and its surroundings. facades that no longer exist, such as a this is not an awful lot. Nowhere else in late 16th- or early 17th-century mansion the market could such troves be acquired

restoration, also went to the museum at a cost of 4,435 francs. The insotution followed this up with a lot of five more views for 11,086 francs.

But on other prints the museum did not budge. One, a magnificent photo-graph of an unidentified 17th-century chatean at the back of a park soared to 44,342 francs. Two prints of a one-story farmhouse with a steep thatched roof offered together even remained unsold at 3,000 francs. They were out very good, specialists say. Maybe so. But they are exceedingly rare and retain an image of the kind of ephemeral architecture that once defined the rural landscape of Europe.

Indeed, most collectors have yet to. wake up to the value of the cultural memory emhodied in early photography. They admire the art but often tend to disregard the documentary content as if such a notion was too trivial to be countenanced. A striking example is offered hy the photographs taken of Par-is monuments after the devastation of the Franco-Prussian war followed hy the Commune and the fierce repression sites as they stood 150 years ago that was ordered by the establishmeot in 1871.

Those of Alphonse Liebert show, among others, the admirable 17th-century Palais des Tutieries and the 16th NLY a handful of specialists ceotury Hotel de Ville, damaged here and have heard of Alphonse Bon le there, but hardly beyond repair. The two Blondel, born in Caen, whose architectural masterpieces were demolname first crops up in the Lille ished as a result of the artistic illiteracy newspapers in 1842. By 1845, he had compounded by corrupt practices of the settled in Lille and for the next two Third Republic — the Hotel de Ville,

Liebert's twin alhums of 50 prints The result, represented in the sale by each come op at intervals of perhaps some 20 urban landscapes, can be every 10 years. On June 5, there was a hreathtaking, less for the sake of pho-single alhum of 70 prints in an unusual tography than of the documentation. The arrangement, possibly an album put topanoramic views of entire streets intact gether hy Liebert for his own use. It with their 16th-, 17th- and 18th-century made 13,303 francs. For a witness to houses, the close-up shots of admirable crucial aspects of French art and culture, undergoing restoration in the heart of old for so liole.

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THE TREATMENT By Daniel Menaker. 269

pages. \$23. Alfred A. Knopf. Reviewed by Christopher Lehmann-Haupt

THE otle of Daniel Menaker's thoroughly engaging first novel, "The Treatment," refers to the psychoanalysis 32-year-old Jake Singer is undergoing because of what he calls the "real

trouble" he is in. As Jake fantasizes shouting at a group of his students at the Coventry School, on the Upper West Side of Manhattan: "My mother died when I was 6, ou the day before Halloween - Mischief Night, if you're susceptible to ironies. as I know a few of you are when you manage to stay

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awake in class - my father True, things keep going bad of the Munros, Roths, Upand I are barely oo speaking for a while. Jake suffers one terms, and my girl-friend left more failed love affair, and in me two months ago. And I'm a locker-room incident folnot going to be head of the lowing a basketball game he English department next year sustains a knife wound while after all. I told the headmaster that I thought the football coach was too hard on the players, and he didn't want to hear it, so he used it as an

excuse not to give me the So three times a week, Jake lies down on the couch of Dr. Ernesto Morales, whom he describes in one of his angrier moments as "an insane, bodyhuilding, hlack-bearded Cuban Catholic Freudian," and whose ministrations he calls "a scourge."

Actually, Morales is even more egregious than Jake's and anxiety lift. description suggests. He is acerbic, sarcastic, argumentative, competitive, contemptuous, confrontational and withal relentless. His interare crude and hludgeoning: "I suspect that your being late. is in fact not a plea for attention but a reluctance to tell me that you have been mas-

Morales mispronounces words and becomes defensive point of analysis. when Jake corrects him. He turns everything Jake says inside out. So abrasive is Mor- telling, enlarging his role from and meaning in this country ales that even after Jake ex- a mere reporter of events to an will be complete." plains to a lover, "It's as if I artist creating an imaginary have to keep going back to world governed by happen-make sure he's real," you stance, as if in opposition to wonder why he goes on seeing

comes as light as Morales's Hawthomes I've been teachpresence is dark within it. ing for so many years, or one

trying to prevent a fight. But then his emotional weather changes. His stahhing gains him the headmaster's admiration, and the fund-raising responsibilities that turn out to go with it bring him into contact with a beauoful and wealthy high-WASP widowed parent who falls in love with him, despite his being what he calls "a neurotic schoolteaching secular atheist Jew without a Corot, Herreshoff or nine-iron to his name." The freeze with his father thaws. His depression

Surprisingly, Jake credits his therapy for these hlessings, "By the time the spring that brought me face-to-face with real affluence rolled pretations of Jake's behavior around, I had internalized Morales's accent and speech patterns and the machete-like sarcasm that he wielded in the slash-and-hum process he tried to pass off as 'interpreternalization is part of the

ternalizes the whole story he is

Yet happily enough, Jake's Walter Mitty myself into one life outside of analysis be- of the Twains, Melvilles and

dikes I read," he speculates.

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of Congression ٣٠٥ مرو<sub>ية ال</sub>يد )

"Dream on, Jake." What he dreams is a soapoperado series of events that leads to his saving one of the rich widow's adopted children. from being reclaimed by her biological mother. This episode is a little contrived, and it lingers with too much loving detail in the Berkshires, the milieu of Menaker's earlier collection of stories, "The Old Left." Still, the writing here is charming and tenderhearted. And it underlines Jake's point that fiction is "a grand con" that helps "to keep the buge black sea of what we don't know and can't control from drowning as.

Morales is furious at Jake's assertions of independence, and the reader can't resist a grudging admiration for his final, apocalyptic harangue-"I am the last Freudian, Singer." he rails after Jake decides to give up treatment. "I am the last of . . . a line of fascination with and respect for the dignity, the very concept, of the human soul." With President Ronald Reagan spending the tation,' and I guess such in- Soviets "into Chapter It," he rants on, "free-market capitalism will have free rein More significant, Jake in- throughout the world," and "then the flight from mystery

But Jake is happy to go his own way. He's satisfied with stance, as if in opposition to an incomplete understanding Morales's overdeterminism. of his soul's mystery. He'll 'Oh, maybe I'm also trying to settle for magic and illusion and the sort of comedy of happenstance so entertainingly realized here.



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Companies License Brands to Increase Visibility and Sales

> By Constance L. Hays New York Times Service

NEW YORK — Coca-Cola Picnic Barbie leaves little doubt about her favorite soda. And brand affiliations do not stop with her. Consider the Jeep hicycle, the Sara Lee Kahlua Mudslide cheesecake and the Chevrolet running shoe. And soon to be presented to the American consumer: the Harley-Davidson armchair.

Corporations have seized on brand licensing to promote their products beyond the usual showrooms or super-

Some of the results are a hit unexpected, like the Harley-Davidson chair, which should be on sale within 18 months. Others seem to make a more natural connection, like the windshield wipers licensed by Pennzoil or the potholders that carry the Pillsbury Doughboy's chuhhy image.

Corporate brand licensing has grown so quickly over the last five years that it is now virtually equal in size to entertainment licensing, the longtime bebemoth of the business in which characters from movies or television are rendered in plush and plastic.

Last year, corporate brands accounted for 22 percent of all licensing in the United States, or \$16.06 hillion in sales, said Charles Riotto, executive director



Thanks to licensing, the Taco Bell chihuahua now appears on a T-shirt as well as on a more traditional poster.

of the Licensing Industry Merchandisers Association, a trade group that held its annual convention in New York this

Companies see licensing as a low-risk way to build brand awareness, which can also bring in additional reveoue. In some cases, licensing a name to be used on certain products can help focus it on a different audience or increase its appeal to specific consumer

Brands are long-term programs, and entertainment is riskier and shorterterm," said Nancy Bailey, whose firm; to a corporation, and oo R & D or mar-

based in Coral Gables, Florida, is responsible for licensing the Pillshury Doughboy, Pennzoil, Jelly Belly candies, Old El Paso foods and Clorox

Mrs. Bailey declined to give the revenue figures for the Doughboy hut said that 35 licensees were making more than 250 products sold in the United States and Japan.

For companies, licensing is a relatively inexpensive way to invest in additional self-promotion. "For the most part, there is no out-of-pocket cost

keting costs — the licensee does all that," Mrs. Bailey said. "The profit potential is not as great as if you did it yourself, hut there is no risk.

Few companies go into it purely for the money; it's the opportunity to "leverage their brand equity" that drives demand, Mrs. Bailey said. But what accounts for consumer interest in such products, which, when worn or displayed, constitute free ad-

vertising for the companies involved? We live in a secular society, hut

See BRANDS, Page 15

# Japan's Bind: A Yen Rescue Would Ruin the Economy

By Don Kirk

TOKYO - Japan is caught between two evils when it comes to taking the one step that its leaders know would instantly stop the free-fall of the Japanese yen, mocetary policymakers here They need to raise interest rates to boost

the yen, but higher interest rates would probably send the comatose economy directly into the grave. So policymakers also need to lower interest rates.

"We would like to raise the interest rate in order to raise the exchange rate, but we cannot due to economic conditions," said Yoshio Nakamura, manof the Japan Federation of Economic Organizations, made up of the leaders of Japan's leading companies.

By economic conditions, Mr. Nakamura meant recession. The government acknowledged Friday for the first time in 23 years that the economy was officially in recession, after two consecutive quarters of contraction. It did so as the yen plummeted to its lowest

level in eight years.
So the policy board of the Bank of
Japan debated for eight hours Friday before deciding that another interestrate cut would have little effect on the economy, and left rates right where they were

pansion, but it would also send the yen tumbling further.

The discount rate in Japan is already at a low 0.5 percent. That is 4.5 percentage points below the prime interest rate in the United States. Credit here is the lowest for any major industrial na-

tion. Mortgages are typically available for a bargain-basement 1.2 percent.

The prospect of further angering Japan's trading partners by taking any action that might speed the depreciation of the year trading partners before the percent of the year trade of the y was believed to have been a major con-sideration in the Bank of Japan's reluctance to lower interest rates still further.

'The Bank of Japan can't afford to cut its rates. Yasunari Ueno, an econ-A further drop in interest rates might omist at Fuji securities told Bloomberg aging director of the economic bureau stimulate corporate investment and ex- News, citing the vulnerability of other

At the same time, policymakers do

Price competition must strengthened by lowering exchange rates," he acknowledged, but he said any rise in exports would result from the demand of buyers abroad more than a

He sharply rejected the concerns of

oot view a rise in interest rates as an option even though they acknowledge that it would be certain to arrest the decline of the yen, which most observers believe is on its way to considerably lower levels against the dollar.

Mr. Nakamura dismissed the complaints of Japan's trading rivals around the world, from nearby Korea to the United States and the European Community, that depreciation of the yen makes Japanese goods so low-priced on world markets as to underent the com-

See YEN, Page 15

# VW's Audi Subsidiary To Buy Lamborghini

INGOLSTADT, Germany - Continuing its luxury shopping spree a week

after huying Rolls-Royce, Volkswagen AG, through its Audi subsidiary, said Friday it had agreed to acquire the Italian sports carmaker Lamborghini SpA.

The price was not given, but media reports put it at 70 million Deutsche marks (\$38.7 million).

Audi and Lamborghini said in a joint statement that details of the deal would be finished in the next few weeks. Lamborghini will probably be integrated as a foreign subsidiary in the Ingolstadt-based group, similar to Audi's operations in Hungary, they said.

"Audi becomes more international with the purchase and enters a market

segment where we're not yet present,"
said a spokesman, Juergen De Graeve.
The deal developed out of talks that
began with the Italian firm expressing interest in buying Audi's 8-cylinder motor for a new model.

Lamborghini's major shareholder is a son of former President Suharto of Indonesia, and rumors had been swirling that he was looking to sell his stake because of recent financial problems at home. Lamborghini, which had been losing money, drove back into the black two years ago, but its plans to expand the range of models for a broader market share have been hampered by lack of financing.

. The exclusive firm produced only 225 of its sole model, Diablo, last year. Volkswagen has also sought recently to broaden its base with the purchase of the British luxury car maker, Rolls-Royce Motor Cars Ltd., owned by Vickers PLC. At the same time, Vickers agreed

to sell its high-performance engine Lamborghini, which makes sports cars selling for more than \$250,000, is percent owned by companies controlled by Hutomo Mandala Putra, a son

of Mr. Suharto. MyCom Berhad, a

Malaysian financial company, controls

point of view, it's questionable whether it makes sense," said Juergen Pieper, auto analyst with Deutsche Morgan Grenfell. "But it's a small price pay to improve Audi's image and

prestige."
The acquisition boosts Volkswagen's brands to seven and gives it models in every price range, from the \$10,000 Lupo city car to Lamborghini's fourwheel drive Diablo Roadster, which sells for more than \$250,000. Volkswagen is trying to shed its image as a maker primarily of utilitarian economy cars. Last week Vickers shareholders voted to sell Rolls-Royce, including the

VW's reminder of past. Page 13,

Bentley brand name, to Volkswagen for £430 million (\$700 million). After topping Bayerische Motoren Werke AG's £340 million offer for the U.K. luxury car maker, VW is hoping Rolls and Lamborghini will help its Audi luxury cars compete better with those of rivals Daimler-Benz AG and BMW.

Audi said Lamborghini would become a subsidiary along with Hungarian unit
Audi Hungaria Motor Kft. Volkswagen
also owns the Spain-based SEAT SA and
Czech Republic-based AS brands.
Volkswagee shares fell 38 DM, or 2.3,

percent, to 1595.

Analysts said the acquisition would, have little or no effect on VW profit.

"Volkswagen is merely trying to enhance its image as a maker of distinctive, classy autos," said Rolla Kantz-Pan, an auto industry analyst at BHF-Bank AG in Frankfurt. "They won't sell any more Audis or VWs because they. own Lamborghini. They're looking at long-term image enhancement."

Volkswageo is huying a tiny slice of the small top-end luxury or "supercar" market that includes Italy's Ferrari SpA. and is more exclusive than Porsche or (AP. Bloomberg)



A Lamborghini Diablo Roadster VT at an auto show in Detroit in 1996.

# The Specter of Asia Casts Shadow Over the Fed

By Caren Bohan

WASHINGTON - Asia's infectious economic turmoil is weighing heavily on U.S. policymakers' minds, as is evident in remarks to Congress this week by Alan Greenspan, the chairman of the Federal Reserve Board, and analysts said the strife could delay any rise in U.S. interest rates for weeks or even

If they have leeway to keep rates on hold, Fed officials want to avoid making worse an exodus from sinking currencies in Asia — and more recently Russia — by taking action that would further boost the attractiveness of the U.S. dollar to investors.

But analysts warned that international events will not prevent higher rates indefinitely if domestic inflation looks set to head higher.

The Fed is in quite a dilemma," said Lyle Gramley, a former Fed governor.
'I think that the Fed would clearly have raised interest rates by now to get growth on a more sustainable track had it not been for the renewed financial

trouble internationally."

But, he added, "It would be very difficult for that without upsetting the international picture even more." In an update on U.S. monetary policy delivered Wednesday to the Joint Economic Committee of Congress, Mr. Greenspan led off with a discussion, not of domestic conditions, but of Asia and of worries that its attempts to climb out an economic abyss "will not oeces-

sarily go smoothly. Asia's currency and financial crisis, which began a year ago and has recently flared up again, has brought rising inflation and unemployment to Thailand, South Korea and Indonesia. In the case of Indonesia, rioting and violence have

erupted.
The heightened social and political pressures that can develop in such circumstances not only introduce added complications into economic policymaking but also make it even more difficult to foresee how the processes of adjustment will play out across the afflicted econ-omies, 'Mr. Greenspan said.

The Fed chief said the U.S. economy

would see some "spillover" from the Asian crisis in the form of weaker ex-

But he said it was still an open ques-tion whether that would be enough to curb an economic growth rate in the United States that many at the Fed deem

unsustainably strong.
In fact, Mr. Greenspan warned that the Fed might well oeed to raise interest rates if the pace of economic expansion

did not abate "noticeably."

While Mr. Greenspan did not draw an explicit link between the Fed's current interest rate decisions and Asia, analysts said it was telling that he had led off with

'It is no accident that Asia went first in Greenspan's talk," James Annable, chief economist at First Chicago/NBD, said. He added, "The question the Fed is

wrestling with is, do you throw gasoline on that fire which is smoldering if you don't have to?"

Mr. Annable said the predominant sentiment among Fed policymakers right now was that there was no urgency to raise U.S. rates despite surging demand in the economy and an increasingly tight labor market.
While U.S. unemployment, now at

4.3 percent, is at a level that many economists would have previously ex-pecied to prompt a bidding np of wages and higher inflation, there is scant ev-idence so far that prices are picking up. Mr. Greenspan has given some credit for the stellar inflation performance to

business efficiencies brought about by computers and other technological innovacons. He also said he suspected that changing dynamics in the labor market have caused workers to be less aggressive in demands for wage in-

## WALL STREET WATCH

# **Electronic Trading Makes Big Inroads**

#### Threat to 'Open Outcry' Cuts Prices for Seats on Traditional Exchanges

By David Barboza New York Times Service

EW YORK — In Chicago, New York, Philadelphia and changes have plummeted by as much week, the American Stock Exchange as 40 percent in the last few months.

At the Chicago Board of Trade, the world's biggest futures exchange, a week, down 42 percent from the record few weeks ago for \$1.35 million, down from a record \$2 million in February.

Consolidation among exchanges, languishing stock prices and falling commodity prices are among the factors pushing down seat prices — sometimes viewed as an indicator of market sentiment. But perhaps the higgest concern is the rise of electronic trading, which poses a threat to all the traditional exchanges, where traders still gesticulate on a trading floor and lose themselves in hand signals and wads of paper. "The specier of electronic trading is

bovering over the industry like a hlack cloud," said Patrick Arbor, chairman of the Chicago Board of Trade. tronic trading system to bolster the value of its memberships while raising money for technology improvements.

Mr. Arbor does not see an end to traditional, or "open-outcry" trading, noting that volume on most exchanges is booming. He and officials at other exchanges say they expect traditional and electronic trading to coexist. Still, traders are closely following

the planned introduction this summer of an electronic futures exchange, which would go head to head with the Chicago Board of Trade and which could show just how willing people are to make the shift to electronic transactions. Meanwhile, electronic trading is winning converts in London, Paris and

Frankfurt, and many of the European exchanges are preparing to install their electronic systems at U.S. exchanges, which have also begun to experiment with electronic trading.

Though seat prices tend to be volatile, such rapid drops are unusual absent a sharp decline in the performance of the financial markets.

One reason for concern among some electronic trading system to operate smaller exchanges is the consolidation alongside its open outcry system. Already, many traders in London have been provided as a superior of Consolidation and Consolidation an National Association of Securities begun looking for a new livelihood.

Dealers, which operates the Nasdaq stock market, said it would merge with going on in the financial services ineven London, the prices of stock market, said it would merge with seats on major financial ex-

signed a pact to merge with the Phil-adelphia Stock Exchange. In addition, the Board of Trade of membership seat sold for \$495,000 this New York — created this week by the week, down 42 percent from the record merger of the New York Cotton Ex-\$857,500 paid earlier this year. At the change with the Coffee, Sugar and Co-New York Stock Exchange, a seat sold a coa Exchange — is working with Cantor Fitzgerald, a Wall Street brokerage, to form an electronic futures exchange, the Cantor Financial Futures Exchange. The Chicago Board of Trade said this week that it would consider a public stock offering for its after-hours elec-

#### U.S. exchanges cannot afford to ignore what has happened in Europe.

value of its memberships while raising money for technology improvements.

Because of the increasingly global nature of securities markets, U.S. exchanges cannot afford to ignore

changes abroad. An important sign of what lies ahead may be seen in Europe. The Matif, the French futures exchange. introduced electronic trading alongside its floor trading last April. Volume soared in the electronic arena, while floor trading plummeted. Last week, the Matif abolished the open outcry system and decided to go entirely electronic.

In Germany, the Deutsche Terminboerse, an electronic futures exchange, has recently captured market share from Europe's largest futures exchange, the London International Financial Futures and Options Exchange, which is primarily an auction market with hundreds of traders.

going on in the financial services in-dustry," said Jack Wigglesworth, chairman of Liffe. "The question is whether you'll even need exchanges in

the next century.' Although many analysts insist that there is oo trading system as good as open ontcry, often hailed for its fairness because transactions are conducted for all to see, most of the world's financial exchanges are moving to upgrade their technology. For now, the U.S. exchanges - which talk about being wellpositioned to make a transition - are betting on a world that is cohabited by auction traders and electronic trading.

Privately, though, several analysts say the exchanges are worried not only about open-outery trading, but about their very existence amid growing com-petition from so-called third markets, or electronic commerce networks, which match a buyer and a seller independ-

ently, such as Instinet and Island. Daniel Rappaport, chairman of the New York Mercantile Exchange, which trades heavily in energy and metal futures, said: "I think it's incumbent upon the exchanges to create a system that can compete with the electronic. Now

#### all of a sudden, the crunch is on." Liffe's Electronic Effort

A Liffe proposal to move bond-futures contracts to an existing electronic network soon is long overdue and could help the exchange regain some market share, members said Friday, Reuters reported from London.

But the move, so be considered at a board meeting next week, is no substitute for the new state-of-the-art electronic system planned next year.

Traders said Thursday that German Bund and other bond futures might be listed on Liffe's existing Automated Pit After a barrage of criticism, the Trading system, a closed network. This Liffe, as the London exchange is would make them available electronknown, voted overwhelmingly this ically before a new system is introweek to speed up plans to introduce an duced by the second half of next year.

# **CURRENCY & INTEREST RATES**

Libid-Libor Rates

**Key Money Rates** 

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#### **Investor's America** Exchange Closs 8811.77 +0.26 The Dow 1094.53 +0.32 S&P 500 +0.54 U.S. 534.59 531.78 565.48 +0.22 U.S. NYSE Composite 566.66 0.27 Nasdaq Composite: 1745.08 1749.81 U.S. AMEX Composite 597.40 696.73 -0.19 U.S. 7283.90 ... 7293340 ... -0.82 TSE index Toronto 9404.51 9868.36 4:70 São Paulo Boyespa. 4824.36 ... 43.53 4171.53 Mexico City Boisa 555.50 564.27 4.55 4207.19 4275.17 -1.59 IPSA General 5676.54 4.AQ Capital General 5425.80

#### Very briefly:

 Brazil's Soma electronic stock exchange said it will close early Tuesday and June 25 so employees can watch Brazil's national soccer team play at the World Cup in France. Sao Paulo's Bovespa stock market will follow suit. • The U.S. producer price index rose 0.2 percent last month,

Labor Department figures showed.

· General Motors Corp. resumed talks with strikers at two parts plants as the impact of their strike forced 35,700 layoffs at 19 North American factories. GM's hard-line stance could cost more than expected, analysts warned, without yielding significant productivity gains.

• McDonald's Corp. fired the two young fast-food workers who organized the first known strike against the fast-food giant, McDonald's said the pair, who worked in a Cleveland suburb, were fired for threatening a restaurant manager and

• USA Waste Services Inc., close to completing its \$21.52 billion purchase of Waste Management Inc., plans to cut 1.500 of the 1,700 jobs at Waste Management headquarters. · Northwest Airlines is being investigated by the government over allegations that it improperly maintained its aged DC-9 airplanes and that a local Federal Aviation Administration inspector may not have properly supervised the operation.

Bloomberg, AP, Remers

# Magazine Gives Gates a Soapbox

WASHINGTON — Sued by the Justice Department and 20 states, Microsoft Corp. is fighting back with its most extensive public defense of the company to date.

In a three-page essay in The Economist magazine, Bill Gates, the chairman of Microsoft, attacked the antitrust case as

"The government's lawsuit on behalf of Netscape."
"We are defending the legal right of every company to decide which features go into its own products," he wrote.

Jan. 1, 1992 = 100	Level	Change	%change	year to date
World index	188.68	1.09	<b>— 0.57</b>	+ 9.63
Regional Indexes				
Asm/Pacific	77.56	+ 0.05	+ 0.06	<b>—</b> 19 <i>.</i> 27
Europe	227.61	- 3.68	1.59	+ 17.91
N. America	245.83	+ 1.88	+ 0.77	+ 13.82
S. America	125.26	<b>— 3.58</b>	<b>— 2.78</b>	<b>— 17.95</b>
Industrial Indones				
Capital goods	235.04	- 0.44	0.19	+ 13.78
Consumer goods	227.06	+ 0.78	+ 0.34	+ 8.26
Energy	204.54	- 2.04	<b>— 0.99</b>	+ 4.91
Finance	134,40	- 1.49	<b>—</b> 1.10	+ 9.30
Miscellaneous	139,79	- 2.89	<b>— 2.03</b>	<b>— 6.73</b>
Raw Materials	201.31	- 3.31	<b>— 1.62</b>	+ 20.37
Service	200.05	-2.08	<b>—</b> 1.03	+ 14.77
Utilities	165.17	1.87	<b>— 1.12</b>	- 1.02
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#### **AMEX**

Friday's 4 P.M. Close

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# **Dollar Keeps** Pressure on Yen as Japan Cites Slump

NEW YORK - The dollar

hovered near an eight-year high against the yen Friday after Japan said its economy shrank for a second straight quarter, dimming hopes for recovery there and across Asia.

"They're officially in a recession

now." said Kevin Lawrie, global foreign exchange manager at Mel-lon Bank. We've been expecting some sort of action from them, whether a rate adjustment or intervention, but they sit back and don't do a heck of a lot." The dollar was at 144,33 yen in 4

P.M. trading, up from 143.98 Thurs-

The U.S. Treasury secretary, Robert Rubin, noted Friday that the

#### FOREIGN EXCHANGE

yen was "exceedingly weak" and that Japan's weakness was affecting Russia as well as Asia. He called Japan's weakness a "very serious 143.98 yen on Thursday problem" for the world economy. Some economists said

The dollar fell to 1.8054 Deutsche marks from 1.8078 amid speculation that the International Monetary Fund would follow up payment of a previously agreed \$670 million loan to Russia with additional aid to help it pay its debts.
"Unlike your traditional Friday

rumor, I think there's something to this one," said Steven Barrow of Bear Steams International in Lon-"I've been skeptical all week something was being hatched out that we weren't being told about."

Germany is Russia's biggest lender and trading partner, so good news for Russia typically boosts the mark. The echoing remarks he made Thursday IMF has said its executive board was in Washington. IMF has said its executive board was expected to approve \$670 million in aid for Russia on Thursday, the latest payment of a previously agreed loan. It said it may make additional money available if necessary.
"IMF staff will continue to engage

in intensive dialogue with the Russian authorities," the Fund said, "If it is judged appropriate and necessary, additional financial assistance could be made available in the context of further policy measures" by Russia. The dollar was at 1,4993 Swiss

francs, up from 1.4955 francs, and at 6.0553 French francs, down from 6.0635 francs. The pound was at \$1.6335, np from \$1.6275. (Bloomberg, Bridge News)

NYSE

AMEX

**AMEX** 

Dividends

**Trading Activity** 

U. S. STOCK MARKET DIARY

Teday 47.M. 1276.94 692.26 246.97 132.83 1097.99 533.67

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STOCK SPLIT p Corp 3 for 2 split.

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Most Actives

# Murdoch and Malone to Televise TV Guide

By Steven Ginsberg Vishington Post Service

forces to establish an on-screen version of TV Guide magazine that will offer extensive listings for programs on broadcast, cable and satellite systems — and, they hope, bring in huge

Guide magazine that will offer extensive listnavigate an increasingly cluttered screen.

"It's a good deal all around," said Edward

"It's a good deal all around," said Edward

He had TV Guide for 10 years "and he ner

Hatch of UBS Securities. "News Corp. saw that

He had TV Guide for 10 years "and he ner

He had TV Guide for 10 years "and he ner

Hatch of UBS Securities." amounts of advertising.

50 million homes, will be "rebranded" as a TV Guide channel. The partners hope that the cachet of that famous magazine name will draw large numbers of viewers and make it a favored channel for ad dollars.

Under terms of the deal, ownership of the and cash to United Video Satellite Group Inc., which is now controlled by affiliates of Mr. Malone's Tele-Communications Inc.

its board. "What we're really doing," said ad around the world to different cultures and in Peter Boylan, president of United Video, "is different languages." trying to create a new media company that WASHINGTON - Two television tycoons, marries the TV Guide print expertise with Rupert Murdoch and John Malone, are joining United Video's interactive expertise. It will

TV Guide was rich in content but had limited Mr. Malone's little-watched Prevue Chan-nel, which delivers scrolling channel listings to has strong distribution but limited content. Both parties look at this as a way to marry two companies into a strong service that should fend off competition."

After the deal, TV Guide's name will be splashed across five entities: TV Guide magazine. TV Guide channel, TV Guide Inmagazine will shift to a joint venture between ternational, TV Guide on-line and TV Guide the partners. Mr. Murdoch's News Corp., the interactive. The five bodies will essentially serve current owner, will sell it for \$2 billion in stock as one giant home for advertisers. Therefore, when a company buys an ad, it will be broadcast on all five mediums and will span the globe.

"The theory is to create a new media com-

For News Corp., the deal also represents the shedding of the old for a shot at the new. TV Guide is one of the most successful magazines create a ubiquitous product to help TV viewers in the United States, but Mr. Murdoch has not been able to use it as an effective promotional

He had TV Guide for 10 years "and he never accomplished what he wanted to do," said Bishop Cheen of First Union Capital Markets. "I don't think he found a way to get the synergies out of TV Guide and Fox that he wanted."

Furthermore, the market for TV Guide has leveled off, and there is little prospect for ex-This deal allows us to be where the parision. growth is," said Jim Platt, a News Corp.

While the print version of TV Guide is somewhat outdated by today's interactive and informative standards, its televised incarnation will be state-of-the-art, the partners said. The new channel will provide viewers with detailed information of show listings, background in-As part of the deal, News Corp. will also get pany that has never been seen before," Mr. formation and other relevant material through a 40 percent of United Video and half the votes on Boylan said. "We'll have the ability to sell an series of menus and submenus.

# MARKETS: Japan's Slide Into Recession Shakes Equity Markets Worldwide

in New York late Thursday, hours 72 percent of shareholders voted

after Digital shareholders voted to for the deal, erasing the last hurdle

In an emotional meeting in Digital, will leave the company by

Continued from Page 1

Some economists said it was now only a matter of time before the stimulus, he said, and also needs to dollar broke through 145 yen to pave open its markets and deregulate its the way for a dollar rise to around economy. 160 year by year-end if Japan's econ-

omy remains in bad shape.
The U.S. Treasury secretary Robert Rubin, said meanwhile that it was up to Japan to stimulate its economy and raise the value of the much longer as Asian instability beyen, although the United States is concerned about the decline in the Japanese currency.

Their economy is in recession. their currency is exceedingly weak, and we are very concerned about "The market's very jumpy and that weakness," Mr. Rubin said, very thin, so we're seeing dispro-

quire Digital Equipment Corp., said Friday it was cutting 2,000 of

its own jobs as part of the \$9 billion

The weak Japanese economy "is effecting Asia, and in turn is effecting Russia," Mr. Rubin said. Japan needs an "effective" fiscal

But analysts say the United States

U.S. STOCKS

gins to take a bigger bite out of the U.S. and global economy. .S. and global economy. Despite the sharp declines, Euro-

will not be able to sit on its hands for

ean traders said business was

portionately big moves," said one

Compaq Cuts 2,000 Jobs After Digital Deal

pag and end the industry pioneer's
42 years of independence.
The companies had already

been expected to cut 15,000 jobs at

Digital - about one-fourth of Di-

gital's work force. The new cuts

NEW YORK — Compaq Computer Corp., hours after getting the go-ahead from shareholders to acpeal and end the industry pioneer's

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COFFEECIMCSEI

The FTSE-100 share index fell Poor's 500 Index rose 4.26 points to 2.70 points to 5,769.80.

German shares closed at their Index, heavily weighted with com-82.70 points to 5,769.80.

lowest level in the last week as Asian gloom weighed the market. But dealers said the damage was not as severe as it seemed. They said market confidence was not shaken and further tests of new highs were

possible in the short-term. The Xetra DAX, reflecting allday computer-trade, ended 167 points weaker at 5,631.34.

French stocks extended their opening losses on Wall Street's drop and worries about the Asian crisis.

but rather prudence," one French trader said The CAC-40 index closed down

"Sentiment is not one of panic

90.85 points at 4050.76. On Wall Street, the Standard &

to the merger and making Compaq

the second-largest computer maker in the world, behind IBM.

ecutives were tapped to join Com-

paq's senior management team.

Robert Palmer, chairman, presi-

dent and chief executive officer of

Only three of Digital's top ex-

1,745.07. Declining stocks led advancers by a 2-to-1 ratio.

on the New York Stock Exchange

puter companies, feli 4.68 points, to

The falling yen and Japan's weak economy will cut into U.S. profits, and "I don't think we've priced it in vet," said Robert Brown, a market strategist at Ferris Baker Watts in Baltimore. This has big, big potential on the downside.

Makers of semiconductor-manufacturing equipment fell after ASM Lithography Holding NV said weak sales and cost of new products would mean lower profit in 1998 than last year.

Applied Materials Inc., world's largest, fell 11/2, to 26 13/

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MEMC Electronic Materials Inc., a supplier of silicon wafers used to make microchips, said its second-quarter loss would widen from the prior quarter's because of economic turmoil in Asia and falling prices for semiconductors. MEMC fell 1 to

Compaq Computer rose 1/16 to 281/a, after it said it planned to take \$5.4 billion in charges for its acquisition of Digital Equipment Corp., plus an unspecified charge for a restructuring that includes 2,000 Compaq job cuts. (Reuters, Bloomberg, Bridge News)

#### acquisition — the biggest ever in the high-tech industry. The cuts in Compaq's 31,500- are in addition to those at Digital. strong work force over the next year were disclosed to financial analysts Westford, Massachusetts, about the end of July.

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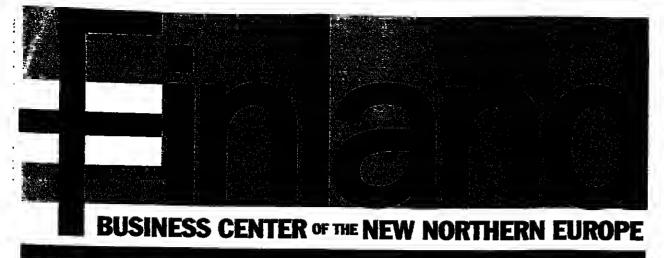
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BUSINESS CENTER





# AT THE HEART OF A GROWING MARKET

Finland's location and economic strength make it a natural business center for Northern Europe.

s Finland prepares to assume the presidency of the European Union in 1999, the country has definitively left behind the recession of the early 1990s, which had produced an ecocomy split between successful exporters and struggling domestic suppliers.

"Although growth in exports is slowing down, they are still growing faster than expected and are well ahead of imports," says Markku Kotilainen, head of forecasting at ETLA, an

independent economic research institute. "We expect the Asian crisis to have substantial negative effects in the machinery sector only."

\* Equity Markets Worlding

## 11 H} ~

According to Statistics Finland, in 1997 exports grew by 13.9 percent, to 211 billion markka (\$40.7 billion), while imports rose 12.9 percent. ETLA forecasts that exports will rise by "only" 7 percent in 1998, while imports are expected to grow by 8 percent.

Allied to the strong economic picture is a new and more positive outlook concerning Finland's place in the EU and the world.

"As the economy globalizes, the traditional export pattern is oot so valid," says Pasi Natri, senior vice president at the Firmish Foreign Trade Association (FFTA).

"We belp Finnish companies to

internationalize their operations and minimize the risks involved."

Part of this new outlook is a vision of the country as the center of a high-potential economic zone dubbed the New Northern Europe (NNE). This zone comprises three distinct markets: Scandinavia (Denmark, Sweden, Norway and Finland), the Baltic States (Estonia, Latvia and Lithuania) and Northwestern Russia (Moscow and St. Petersburg).

The combined markets are home to almost 80 million consumers — and all major points can be reached by surface carrier from Finland within 24 hours.

The FFTA has pimpointed four advantages that Finland.

The FFTA has pinpointed four advantages that Finland . can offer companies in both the East and West that are seeking to do business in the region. The first, logistics, is the most visible, as it has served both before and after the Soviet era. Every month, an average of 20,000 trucks, carrying mainly consumer goods, cross into Russia from Finland, the only EU member to share a border with the Russian Federation.

"This may become less important as infrastructure improves south of the Baltic," says Mr. Natri. Matti Aura, minister of transport and communications, feels

that "there will be enough traffic for everybody. Finland is not the only possibility, but at the moment it is the smoothest, with up to a thousand trucks daily, and the wait-

ing time is a few hours at most."

Second, the FFTA is eager to facilitate partnerships among Finnish firms and their counterparts elsewhere in the region.

"We cannot provide sophisticated financial instruments, but we do offer a comprehensive knowledge of Eastern markets and their business ways," says Mr. Natri.

The third area the FFTA identifies is the role of Finnish companies as providers of services, which can range from business support to the provision of emergency assistance — for example, flying in doctors to assist patients in need of surgery.

as a strong potential base for direct investment in the NNE, offering added value for all companies.

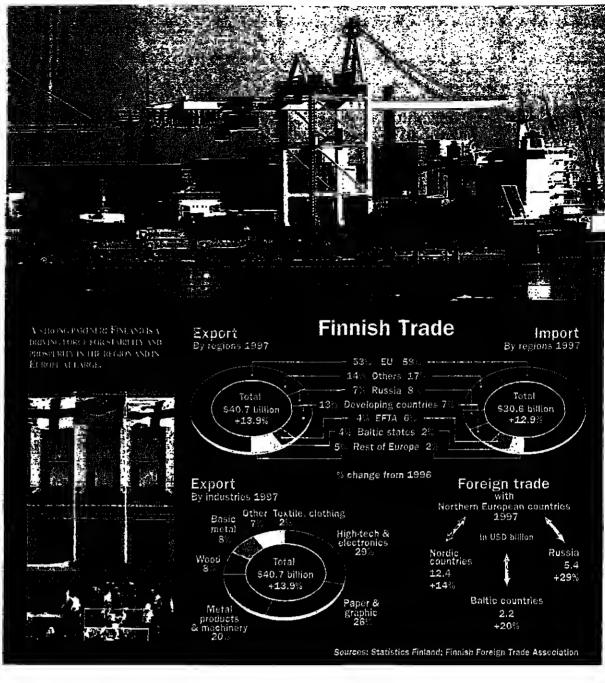
"We are the last in the Nordic nations for U.S. direct investment. This will change due to the obvious Finnish advantages, especially toward Russia," says Mr. Natri. "Change there may take decades, but the needs there are so great because they start from a low level. This means that the potential is huge for a small economy."

potential is huge for a small economy."

With the inauguration of the NNE has come an expansion of the domestic market and the redefinition of what constitutes a Finnish company.

Says Mr. Natri: "Nokia is a Finnish company, but 70

Continued on page IV



# GIVING EUROPE A NORTHERN DIMENSION

Finally, the FFTA sees Finland Finland's proposal would benefit the entire Continent.

n 1995, Sweden and Finland joined Denmark as members of the European Union — and, thanks to Finland, the European Union gained a Russian border. Now Estonia and Poland have begun EU membership negotiations.

As Finnish officials see it, these northerly developments bring both opportunities and challenges to the EU, ones they would like to see handled through a comprehensive policy. Since last year, Finnish leaders have been suggesting the

establishment of a "Northern Dimension" policy. At the Luxembourg summit in December, the European Commission agreed to consider a Finnish proposal on a policy for the northern region.

Finland wants to encourage the EU to draw up a clear plan for relations with its northerly neighbors: the two non-EU Nordies, the three Baltic states. Poland, and most of all, Russia.

According to Prime Minister Paavo Lipponen, "The basic objective is to define the Union's interests and clarify its priorities in this area in order to formulate a policy. Geographically, the Northern Dimension covers an area from Iceland to northwestern Russia, and from the Arctic Ocean to the southern coast of the Baltic Sea, including the countries surrounding the Baltic Sea."

Clearly, there are dramatic political and economic variations within this vast area. Finland, which has long seen itself as a mediator between East and West,

Continued on page IV

# From possibility to reality.

A revolution in papermaking has begun.

The world's leading paper machine manufacturer, Valmet, has turned a new paper machine concept into reality by combining its know-how of making paper and machinery as well as automation technology.

The result is an all-new and unified paper machine entirety, which is fast, environmentally compatible and economical. It also produces better quality

paper than ever before.

Valmet turns this all into a reality through its high technology and wide-scale product development activities. In this way, Valmet ensures customer satisfaction and their profitable operations - also in the future.

The paper machine of the next millennium is proof of the possibilities offered by Valmet.

Valmet's new paper machine concept: better quality paper, made faster, more economically and with greater respect for the environment.

Valmet is the world's leading supplier of paper and board machines and related process automation.

The main markets are in Europe, North America and Asia-Pacific. Valmet's shares are traded on the Helsinki and New York Stock Exchanges and on the international SEAQ system in London.



Valmet Corporation, Corporate Head Office, P.O. Box 27 (Panuntie 6), FIN-00521 Helsinki, Finland Tel. +358 9 7770 51, Telefax +358 9 7770 5580 http://www.valmet.com

# LIGHT YEARS AHEAD

Telecommunications firms offer cutting-edge products and services.

■inland leads the planet international is SONERA, encing, for example. Imwith the highest coocentration of mobile phones, Internet access and PC use. Because the domestic market is so sophisticated, it has proved a demanding testing ground for products destined for the rest of the world. Nonexistent in the 1980s, the telecommunications sector has now become, according to some estimates, the power base of the economy thanks to its explosive growth and aggressive innovation.

The tip of the telecommunications iceberg is Nokia, but it is not the only company in the sector with a worldwide presence. Benefon started up a decade ago and recorded sales of \$61 million for 1997, with a bottom line of \$5 million as a niche mobile phone produ-

"We concentrate on products based on our own technology and our POL -performance, quality and looks — philosophy," says Benefoo President Jorma Nieminen.

Though Benefon is the world's oumber two producer of the older NMT 450 mobile phones — a market that is still expanding in Northern, Central and Eastern Europe -- the firm launched its GSM products last year, From its base in Salo, 96 percent of production heads abroad.

Nokia is a true global brand and is going from strength to strength, adding financial clout to its wide product range and marketing finesse. In 1997, Nokia's sales reached \$9.8 billion. while profits were \$1.5 bil-

"The mobile phone is a communication tool that is replacing the wireline system," says Ukko Lappalainen, Nokia's bead of marketing for new radio systems. Forty-five percent of Finns own a mobile phone, while 55 percent have wireline the Web are around the

The latest Finnish telecommunications firm to go

the former Tele Finland. which has invested large sums abroad in mobile phone operators in neighboring Northern European and Baltic countries and in places as diverse as Lebanon, Hungary, Hoog Kong

PHONE SERVICES INCLUDE

MILITIMEDIA.

SHORT MESSAGING AND MOBBLE

Finnish Telecommunica-

tions companies are fighting

for market share by intro-

ducing a wide range of ser-

vices that are being deman-

ded by consumers. Nokia's

Mr. Lappalainen pinpoints

data traffic as the most val-

"The short message ser-

short-messaging

vice is very popular in the

Nordics; Christmas saw l

equipped phooes shipped in

The future will have two

driving forces for oon-voice

use: the Internet and images.

be connected to a digital

camera using an infrared

link to download and e-mail

a picture to the receiver."

says Mr. Lappalainen, "It is

the first step into imaging

and developing an electronic

More powerful oetworks

for a moving image via

videophooes and access to

The new Nokia 9110 can

ued at the moment.

million

album.

Finland alone."

Meanwhile, to bring more people oo-line, the Helsinki Corporation Telephone (HPY) is developing a proj-

provements will quicken ac-

cess speeds to be more

convenient and comparable

to a PC," Mr. Lappalainen

ect to create a 3-D (VRML, or Virtual Reality Markup Language) model of the Finnish capital in cyberspace.

FINEAND IS ALREADY MOVING

INTO THE 21ST CENTERS. THE

ENTIRE CITY ON-LINE IN 3-D.

MILEUSSILMI SCLUDE THE

CAPITAL'S DID TO ROST THE

HELSING'S OLYMPIC STADIEM

2006 WINTER OLYMPIC

WEATHER ACTIVITIES IN

NEAR HELSING (BELOW).

HUSINGLARIEN 2000

When the project is completed, Helsinki citizens will be able to move around their virtual city using a PC, with all cultural, commercial and public services accessible on-line. The project, called Helsinki Arena 2000, was created by Risto Linturi, Multimedia Technology Di-

rector of HPY. Presently in its growth phase, the system's features are expected to be fully operable by the millennium.

Today, the city counts 10,000 ISDN (Integrated Services Digital Network) users and a mere 100 users of the next-generation highspeed Internet data technology, DSL (Digital Subscriber Line).

These numbers are expected to grow exponentially, as has been the case for Internet access. HPY estimates that it will have half-a-million subscribers in 10 years. "It will enable the PC user

to communicate with multimedia, both transmitting and receiving, and interfaces will be designed that people can use," says Mr. Linturi. It is also important to Mr. Linturi that the system is

democratic, i.e. two-way. and responsible. "Helsinki is spearheading this community communication, with people talking to each other, not just viewing corner. "Mobility brings a an organization's output. lot of added value to the other cities' projects are subscriber — videoconfer-centralized." John Pagni



in neighboring Norway is the foundation of Helsinki's bid to host the 20th

Winter Olympics in 2006. Helsinki is invoking a revised clause in the Olympic Charter, which rules that "for the Olympic Winter Games, when for geographical or topographical reasons it is impossible to organize certain events or disciplines of a sport in the country of the host city, the IOC may . . . authorize the holding of these in a bordering coun-

In its bid, Helsinki is competing with strong rival bids from Switzerland, Poland, Slovakia, Italy and Austria. It has until 1999 to convince the IOC of its merits.

It has been 46 years since Helsinki hosted the Summer Olympics, and the Helsinki 2006 bid organizers think it is high time the five Olympic rings were displayed again across the city.

Proven efficiency

were a great success and saw the founding of the Helsinki Spirit," says Helsinki 2006 Project Manager Jari Piirainen at the campaign headquarters in the shadow of Helsinki's Olympic Stadium tower.

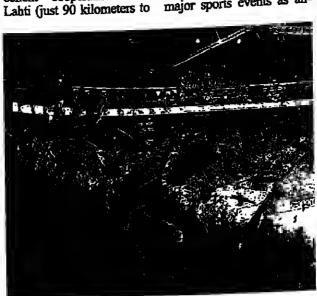
This "Spirit" was manifested in the friendly neutrality of postwar Finland, making it the perfect host for six East-West summits and international numerous gatherings.

The Summer Games are huge these days, and we doo't have the capacity for

he use of existing fa- them; it would not be feascilities in Lillehammer ible to build the facilities, Mr. Piirainen says. "But for the Winter Games we already have all the necessary indoor facilities for sports such as ice hockey, curling and ice skating, and there are plans to build a speed-skating arena. Our excellent cooperation with

mer's facilities must be an advantage for our bid," says Mr. Piirainen. "Their Games were very well organized and well-attended, and the facilities are excellent."

Mr. Pitrainen points to the experience and proven efficiency of Finland and Norway in the organization of major sports events as an-



"The 1952 Summer Games Helsing has all the necessary indoor facilities for ice hockey, CURLING AND FIGURE SKATING AND PLANS TO BUILD A SPEED-SKATING ARENA.

the oorth of Helsinki and the other crucial factor. "The orsite of annual winter sports events) gives access to Nordic ski facilities, such as cross-country skiing and skiiumping.

Finland, with its northernmost quarter located above the Arctic Circle, is a safe bet for snow in winter, but its gently rolling terrain does oot lend itself to Alpine events. Enter Lillehammer, the Norwegian venue for the highly successful 1994 Winter Olympics.

ganizers of the World Ice Hockey Championships in Finland in 1997 pronounced them the best-organized championships ever held,"

Lahti organized the World Nordic Ski Championships in 1988 and will do so again in 2001, and Helsinki is set to bost the World Figure Skating Championships in 1999.

The logistics of the plan may sound problematic but

The reuse of Lilleham- are more convincing on closer inspection. Each site-Helsinki, Lahti and Lillehammer - would have a selfcontained Olympic Village

The opening of Oslo's new international airport in 1998 will expedite and allow the expansion of air services - already well-established between Finland and Norway, and Lillehammer is a short overland journey from the Norwegian capital. Lahti is already linked to Helsinki

by rail and highway. The cultural affinity between Finland and Norway would facilitate cooperation. and the enthusiasm of both populations for sports of all kinds would ensure a substantial local audience. In the 102-year history of the modern Olympics, Finns have woo 419 medals at both summer and winter gather-

Local support There is no shortage of enthusiasm, then, but who will foot the estimated \$580 million bill? Helsinki City Council has pledged \$2.8 million to back the initial campaign, while the Finnish Parliament has approved a \$360 million guarantee against possible losses. Sponsors would oo doubt form a long line were the bid

successful. Local public support, meanwhile, is warming up. "A poll by Finnish TV in April 1998 showed 55 percent in favor," says Mr. Piirainen. "I'm expecting that to increase to 70 or 80 percent within a few months.

Tim Bird

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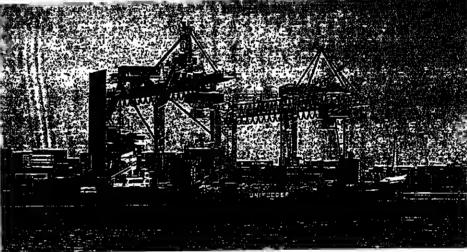
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QUALITY OF LIFE: VISITORS AND RESIDENTS ALIKE ENJOY THE CAPITAL CITY'S ESPLANADE (ABOVE). A VIEW OF DOWNTOWN HELSINKI (BELOW).







HELSING'S ADVANTAGES INCLUDE A STRATEGIC LOCATION, EXCELLENT INFRASTRUCTURE, AN EDUCATED WORKFORCE AND A HIGE STANDARD OF LIVING.

# Growing Capital With an Eve on the Future

Helsinki is at the

region and on the

the south. Murmansk

in the north. Oslo in

the west and Saint

Petersburg in the ea

year 2000 with a newfound vigor and confidence. Helsinkl's numerous assets often come as a surprise to those not familiar with the Finnish capital. It is blessed with political stability, low crime rates, 200 excellent infrastructure, a splendid environment and efficient

Its case as a location for expanding businesses is made even more convincing by the geographical location of the city. Only a decade or so ago, before the collapse of the Soviet Union, this location was of far less consequence. But there has been a significant shift in economic interest since the Soviet empire fragmented in the early 1990s and Finland joined the European Union in January 1995. This permanent geopolitical shift has injected new life and status

into Helsinki. Says Mikael Schier of Helsinki City Hall: "Helsinki is at the heart of the Baltic Sea region and on the crossing point of the axis between Berlin in the south and Murmansk in the north, and Oslo in the west and Saint Petersburg in the east. Finland is backed up by its EU membership, and Helsinkl is the fastest-growing capital area in the EU, with a population of 1.1 million and rising. Finland's border with Russia, which runs for well over a thousand kilometers, is now more significant than ever."

Wide expertise

Helsinki's contacts with its eastern neighbor have always been strong, and now the rest of the world is waking up to the existence of a potential market of 5 labor are also advantages." million people — the same as Finland's entire population — in

the Saint Petersburg region alone. "The Barents See region in northern Russia has enormous mineral resources," says Mr. Schier. "The Russians cannot exploit these on their own, because they do not have sufficient capital. So companies from the United States, for instance, are basing themselves in the Helsinki area, from which the Barents region is accessible. Helsinki's state-of-the-art and very cheap

telecoms system is one of the facilities they find invaluable." Other advantages listed by Mr. Schier are the city's major and internationally respected educational institutions, attended by 42,800 students. About 21 percent of the population has a university degree or its equivalent. Excellent language skills are the norm: English, German and, increasingly, Russian are widely spoken, and not only among the business community.

Moreover, Helsinki has a modern transport Infrastructure. Helsinki Almort has promoted itself successfully as a gateway hub between east and west, and there are daily rail services to

elsinki is approaching its 450th anniversary in the and from Saint Petersburg and Moscow. Enormous, luxurious femes ply the Baltic, bringing the regional neighbors in Tallinn, Stockholm and Gdansk both physically and psychologically closer. Helsinki has Finland's biggest passenger and goods harbor, and although the coastal waters freeze in the winter. the capital's expanding modern docks and quays are kept open throughout the year.

**Built for business** 

Nvrki Tuominen, business development manager of the Helsinki City Office, confirms that companies with an eye on the Russian market are increasingly keen to set up camp in Helsinki. "In the

last two or three years, we have noticed an increasing number of companies showing an interest in opening offices in Helsinki," fhe says "Most of their opportunities are in the Saint Petersburg area. but just 24 hours farther by truck is the Moscow area, and a further market of 50 million people. Companies find Helsinki a good base because it's safe and clean, and because it has a good business infrastructure.

Mr. Tuominen adds: "Russian legislation, if it exists in the first place, changes all the time. As a foreign company you may have privileges, but they do not compensate for the unpredictability. The free-market context and rules for establishing and carrying out business here will be familiar; they present no obstacles, as they do - and will continue to do for some time in Russia itself. A high standard of living,

comprehensive business services and skilled

Helslnki is not content to sit back and wait for newcomers. but actively encourages them through organs such as the Helsinki City Business Development Unit, which, says Mr. Tuominen, can put interested parties in touch with the right channels and the right people.

Finland's political neutrality during the Cold War established it as a popular summit site, and it continues to play this role. Not all conferences are of the stature of the Clinton-Yeltsin Summit held here in 1996, but Helsinki still hosts around 100 intemational events of this kind each year, attracting up to 30,000 participants. This prestige will no doubt find eloquent expression in two upcoming events: In 1999, Finland will serve a term as president country of the EU; and during the following year, Helsinki will be one of nine EU-designated European "Cities of

Helsinki may be about to look back with justifiable pride on its first 450 years, but for those looking for a city with a future, none fits the bill better than Helsinki.



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I Trinigia Signa S



The centenary of the architect's birth has inspired worldwide celebrations.

lvar Aalto --- born on February 3, 1898 in Kuortane, Finland is indisputably the most influential architect ever to emerge from the Nordic region. His work has inspired several generations of Finnish architects, including Eero Saarinen, who gained a strong reputation in United States after World War II, and more recent leaders such as Juha Leiviskā

Today, the couple's designs are standard equipment in many Finnish homes. Examples are the celebrated amoeba-shaped glass vase and the 1933 three-legged bent-plywood stool, still available and affordable.

Most visiting architecture buffs head for Jyvāskylā in south-central Finland. The area boasts a dozen Aalto huildings, including his first public building,

ALVAR AALTO'S CELEBRATED VASE IS A DESIGN CLASSIC FAMILIAR ALL OVER THE WORLD.

and Juhani Pallasmaa, who have used the 1925 Workers' Club, an ingenious Aalto's ideas as a springboard for their circle-within-a-square design. The own original work.

"What is important now is that Aalto's legacy and influence are being evaluated," says Marja-Riitta Norri, director of the Museum of Finnish Architecture.

**Buildings** and interior design Visitors to Finland who want a durable souvenir of Aalto should head for an Artek shop. Aalto and his first wife, Aino, co-founded the company to sell their housewares and furniture. While many architects design such interior details, Aalto was one of those rare architects who was equally or even better-known for his consumer designs than for his buildings.

campus of Jyväskylä University is dominated by Aalto's curvaceous redbrick structures, and he also designed the nearby Alvar Aalto museum.

In Helsinki, Finlandia Hall - perhaps Aalto's best-known building — is the venue for an exhibition called "Alvar Aalto and Helsinki," as well as a full program of concerts, seminars and other events, which visitors can enjoy in the hall's magnificent, light-filled interior. Completed shortly before his death in 1976, this graceful structure was originally decorated with a facade of thin Italian white marble. Unable to withstand urban pollution and harsh winters, the facade began to curl and fall off after only two decades. Extensive repairs, scheduled for completion next spring, are now under way.

International retrospectives

Internationally, a rediscovery of Alvar Aalto is unfolding. Aalto is less well known in North America, where he designed just two buildings, but his reputation is now growing rapidly. In New York, the Pratt Institute has a show called "Aalto's Play of Light," while the Museum of Modern Art is celebrating Aalto's birthday with a major retrospective, "Alvar Aalto: Between Humanism and Materialism, which will travel to the Centro Internatizionale d'Arte e di Cultura di Palazzo Te in Mantua, Italy. Both exhibits are accompanied by lectures, discussions and publications.

Major exhibitions have also been organized in, among other locations, Madrid, Lisbon, Zurich, Stockholm, Rotterdam, and Essen (Germany).

The MOMA exhibition catalogue is "a work of profound research," notes Ms. Norri. "There are many new books in Finland as well, and all of the architectural reviews are publishing special issues or articles. He is in the spotlight all over the world.

Among the other new books is a volume of Aalto's philosophy by his friend and official biographer, Göran Schildt, published in four languages. Other anniversary year memorabilia include a CD-ROM and a commemorative coin. There are also two Aalto centennial wines on sale, toasting the architect's taste for Italian vintages.

A more lasting spin-off will be an international Aalto Academy in Helsinki, announced by Prime Minister Paavo Lipponen at the MOMA opening. The academy will organize graduate studies in cooperation with the Technical University. Aalto's former home in Helsinki will serve as the academy's headquarters.

Wif Stenger

CAPTURE A NEW ERA



ALVAR AALTO IN HELSINKI: THE STAGE OF THE "CULTURAL HOUSE" (ABOVE) AND FINLANDIA HALL (BELOW).



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productivity, and offer more choice to their customers.

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THE RAISE ARCRED FTS WHO BOUST HOLD ORDER IS AS FOR HIS BUILDINGS, THIS THE TOUTH ANNATES ARY OF INTERNATIONAL EXHIBITIONS, SEMINARS AND SCHOLARES PURBUALIONS DESIGNED PRIVATE HOMES, SCHASTHEVILLA MAIRE UN NOORMARKKU. FINLAND (ABOVE) CREATED FOR HIS FRIENDS MARIE AND HARRA GULLICHSEN. TOP LEFT THY INTERIOR OF THE AMECURESIGNED ACABEMIC BOOK STORE IN

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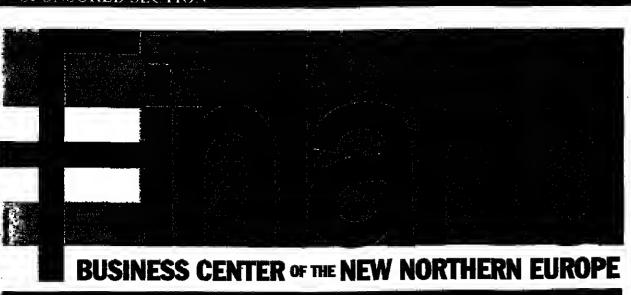
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IN TARKE



# VIBRANT, WORLD-CLASS MUSEUMS

A museum of contemporary art joins Finland's rich cultural landscape.

o late May, the doors of Kiasma — Helsinki's new Museum of Contemporary Art — finally opened to the public. The name refers to the word "chiasma" — a scientific term meaning "crossing over." It was so-named while in the blueprint stage by its designer, New York architect Steven Holl. Kiasma aims to help contemporary art cross over from an elite inner circle to the general public. The museum entices average folks in with free admission to the ground floor and low-priced tickets elsewhere, late

opening hours, and plenty of high-tech multimedia and interactive touches.

Since its establishmeot in 1990, the Museum of Contemporary Art has been, in effect, borneless, borrowing part of a floor at the Ateneum National Gallery. Now it has one of Europe's most up-todate art halls, worth nearly \$60 million. This vast zinc-coated structure nods to Frank Lloyd Wright's Guggenheim Museum with a sloping, curving walkway. Kiasma's first exhibit focuses on Finnish art; it remains to be seen if it can gather a collection to match the level of the building itself.

Kiasma is just one of several new The composer Jean Shellus Lived in Alnola, museums in Finland, joining a fascin- NOW A MUSEUM IN JARVENPAA. ating array of older ones. Another

opened in May in Helsinki, though oo a smaller scale: the Visitor Center in Suomenlinna. This island fortress outside Helsinki harbor is celebrating its 250th anniversary. Accessible only by ferry, Suomenlinna is a vibrant arts community and the capital's single biggest tourist attraction.

Another Helsinki island, meanwhile, features one of the oldest institutions of its kind, the Seurasaari Open-Air Museum. Reached via an elegant wooden bridge, Seurasaari features antique buildings gathered from all over Finland, including an omate wooden church dating to 1686.

Outside Helsinki, three former homes of celehrated Finnish artists make fascinating jaunts from the city. The composer Jean Sibelius lived and worked at Ainola in Järvenpää, 45 kilometers north of Helsinki, from 1904 until

his death in 1957. One of Sibelius' drinking partners was "Finland's national artist," Akseli Gallen-Kallela. His selfdesigned seaside home, Tarvaspää, is also a museum, located just past Helsinki's western border in Espoo.

Around the turn of the century, another set of creative bon vivants, architect Eliel Saarinen and two partners, built themselves a dream villa in Kirkkooummi, west of Espoo. Known as Hvitträsk, this massive National Romantic log

house is also a museum, dramatically set oo a forested hillside overlooking a

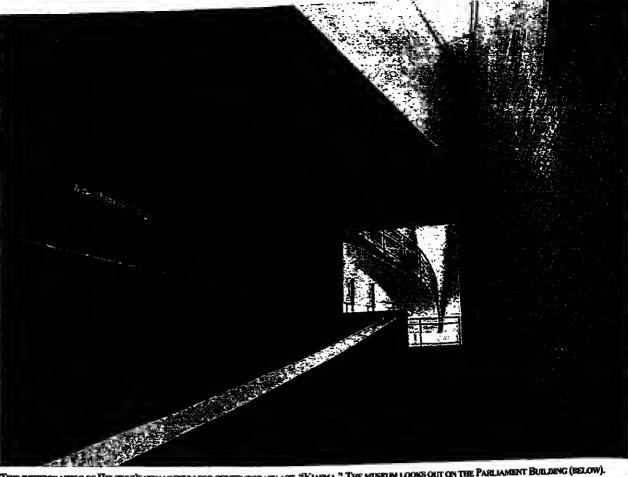
Around Finland, a oumber of old manor houses have been turned into museums. One gem is Pyhäniemi mansioo in Hollola, some 100 kilometers oorth of Helsinki. A genteel setting with gardens, ponds and antiques provides a backdrop for displays of Finnish cootemporary art as well as music and poetry performances.

Tampere, Finland's largest inland city, features an offbeat museum called Moominvalley in its main library building. The collection includes original illustrations by Swedo-Finnish author Tove Jansson, creator of the Moomintrolls, whimsical dioramas and other memorabilia. Finland's

oldest city, Turku, unveils its past in the Aboa Vetus museum. Here visitors can see an archaeological dig in progress and relive the city's history through sound and light effects. Its sister museum, Ars Nova, presents contemporary art.

In rural western Finland, the small town of Kaustinen has long been known for its folk musicians, and in recent decades for a top world-music festival. Last year, Kaustinen opened a fully equipped Folk Art Center, with exhibits and events year-

In April, yet another sleek new building opened, the Northern Finland Visitor Center and Sami Museum, Located in Inari, 250 kilometers above the Arctic Circle, the institution honors the indigenous Sami people of Finland's far north and the natural environment of Europe's last wilderness.



TWO INTERIOR VIEWS OF HELSING'S NEW MUSEUM FOR CONTEMPORARY ART, "KIASMA," THE MUSEUM LOOKS OUT ON THE PARLIAMENT BUILDING (BELOW).



# COMBINING ECONOMIC SUCCESS WITH ENVIRONMENTAL RESPONSIBILITY

Government, industry and citizens share a commitment to sustainable development.

ne salient fact about Finland is obvious from the air: Most of the land area is covered with forest, some 70 how finding a ready market. percent of it in fact. One reason for this - and a result protecteu.

The forest products industry, meanwhile, has long dominated Finland's economy. Though oow challeoged or even surpassed by the metals sector, the forest industry is showing the way for sustainable development.

"The forest sector has been the most significant in this area," says Seppo Ruonala, a special advisor at the Finnish Environment Institute. "That's because we have this 'forest cluster,' which includes all of the associated sectors. These include metals and machinery, cootrol engineering, consulting, electronics, even logistics, transport, harbors and so on. So action by the forest industry has a broad ripple effect."

In general, Mr. Ruonala says, Finland is well on its way toward the sustainable development outlined by the United Nations-sponsored World Summit on Environment and Development held in Rio de Janeiro in 1992, combining economic success with environmental responsibility. "We have already brought it down to the municipal level and gotten a lot of civic groups iovolved in reaching these targets," he ootes.

Industry has takeo up the environmental challenge, partly in response to consumer pressure. What is often seen elsewhere as an expensive annoyance has been turned into a competitive trump card. Finnish companies are eager to demonstrate their environmental commitment internationally, which often provides a marketing edge.

Moves toward sustainable development have even spawned a new sector, developing innovative technologies to preserve the environment. For instance, process control engioeering and regulation systems are essential for monitoring and limiting ecological impact. These happen to be

"environmental cluster" has emerged, with Finnish know-

While consumer pressure for sustainable development is of it — is the Finns' innate conviction that nature must be growing internationally, Finnish industry has long been protected. ulatory policy is firmly enforced, and in a small country that treasures its natural environment, transparency on such matters is a necessity. Data on emissions and the like are public information, and most companies stress enviroomental frankness in their corporate communications.

Many Finnish corporations are committed to the International Chamber of Commerce Business Charter for Sustainable Development. Many have also implemented an array of environmental management tools, from life-cycle assessment to environmental auditing. Many companies, particularly paper manufacturers, have earned the right to use the Nordic swan environmental label on their products, and many also use ISO 14000 or EMAS environmental certification systems.

The forest industry is oow developing a voluntary certification system together with environmental officials and nongovernmental organizations. The system will ensure that wood is grown and harvested according to sustainable development principles.

There were differences of opinion, but now the development of forest certification is already in finalization stage," says Mr. Ruonala. "Its credibility outside of Finland be adjusted to local conditions. International certification, soundness is not only a buzzword, but also a necessity. such as the FSC system, does oot necessarily suit Finnish should be issued by independent, ocutral bodies."

Other sectors have adopted international environmental areas in which the Finns have long been world leaders. An systems. The largest chemical companies follow the Re- before the ecological trend started. The country is a world



FINLAND'S NATURAL ENVIRONMENT IS ONE OF THE COUNTRY'S MOST TREASURED - AND PROTECTED - RESOURCES.

sponsible Care program, which monitors and improves ecology, safety and health issues.

The metals sector, including the speedily growing electronics industry, is edging out the forest industry for domis an important objective. But it is clear that certification must inance of the Finnish economy. Here, too, environmental

With little remaining ore resources of its own, Finland is conditions. For instance, there are differences even between extremely efficient in recycling metal. Virtually all scrap Finland and Sweden. In Sweden, most of the forests are metal is recovered. Even the high-tech branch actively owned by a handful of large companies; in Finland they are recycles parts of the ubiquitous mobile telephones, for mostly small, family-owned lots. In any case, certification instance. The electronics sector is also a major supplier of monitoring and control equipment.

The Finns were also highly efficient in energy decades

leader in the use of district heating, which reduces emissions significantly, and almost balf of the nation's homes are

beated from such centralized sources. While Finnish agriculture has suffered since the country joined the EU, one bright spot is the rising popularity of

organic farming among both consumers and producers. The area of land in certified organic production bas doubled in the past year. Demand often outstrips supply, with shopkeepers unable to keep organic dairy products on the

That's a relatively pleasant problem, though, with positive repercussions for dairies, farmers, consumers - and the environment itself.

# FINLAND AND THE EUROPEAN UNION: GIVING EUROPE A NORTHERN DIMENSION

Continued from page I

could bring that know-how to its fullest fruition if the idea is realized.

The idea parallels the EU's Mediterranean policy, set up in 1995. Budgeted at some \$5 billion over four years, that project aims to develop free trade and other economic and political ties with the EU's southern neighbors and improve conditions in those nations. Such action benefits the Union's neighbors, north or south. One motivation is to narrow the standard-of-living gap between the EU and its neighbors. The policy also aims to block crime, terrorism and even pollution from seeping in over the EU's external borders.

"The effects of environmental problems in the Baltic and northwest Russia spread extensively over Union areas," notes Leif Fagernäs, undersecretary of state at the Finnish Foreign Ministry. "There are a large number of ouclear power plants in this area that have been classed as dangerous. We need new political solutions to decrease these risk factors.

Infrastructure and other investments in the region, such as gas and railway lines, would bave enormous economic benefits by helping to secure the Uoion's supply and trading routes.

Mr. Lipponen says, "Economically,

and in the Barents region, there are globally significant natural gas and oil deposits. The EU is the most important purchaser of Russian energy and raw materials. In the future, Europe will be largely dependent oo energy resources

from this area. The European Unioo is by far Russia's biggest trading partner. Yet while NATO and the G-7 have set up clear working relationships with Russia, the EU's policy toward Moscow remains undefined. The Union's Partnership and Cooperation agreement with Russia took effect late last year, but Mr. Lipponen sees it as too superficial and

problematic as former East Bloc states because Russia is included, in many and Soviet republics begin to join the Union, and political uncertainty con-

tinues in Moscow. The notion has gained nods of approval from various corners of the EU. On a visit to Helsinki in March, Portuguese Foreign Minister Antonio Guterres voiced strong support for the idea. "We hope that it will aid the stabilization of Europe," he said, "especially

economic and political initiatives.

Finland is in a unique position to lead this initiative. In 1999, Finland will be among the first 11 countries participating in the European single currency. It will also hold the EU's rotating presidency during the last six mooths of the millennium, culminating in a Helsinki summit in December 1999.

Addressing the Finnish Parliament, year.

AT THE HEART OF A GROWING MARKET

Finland's President Martti Ahtisaari said, "The Northern Dimension project : announced by the Finnish government has received support both within and outside the Union. We shall continue to concentrate determinedly oo promoting the project."

Finland is expecting a European Commission response on the Northern Dimension proposal by the end of this

#### this area offers the European Union great potential. In northwestern Russia erable for the moment, but may become percent of its shares are in foreign hands, and it truly operates

Continued from page I

on a global scale."

Foreign investors account for around 50 percent of sharebolders in Valmet, the world's leading paper machinery firm, which in 1996 became the third Finnish company to be listed on the New York Stock Exchange.

Says Leo Allo, Valmet's vice president for corporate communications: "The paper husiness is global, so our strategy is to help our customers to be winners in their business by serving the industry all over the world, Valmet has production in the three main markets: Europe, North America and Asia."

The recent consolidation in the Finnish banking sector has for the first time involved cross-border mergers. When Finland's Merita bank joined up with Nordbanken of

Sweden, it was clearly stated that the Nordic and Baltic countries were the new market area.

Similarly, the energy giant Neste-IVO operates and has interests in most of the NNE.

The benefits to be garnered are not purely economic. Political and security advantages are linked as well.

"The natural gas network, oil and other natural resource reserves linked to Western technology and finance will be positive, and the development of the NNE is in harmony with European and Finnish interests," Mr. Natri says. "The challenges are so huge they must be met en hloc."

At Finland's suggestion, a Northern Dimension initiative has been launched by the EU to ensure sufficient financing through existing programs to the country's less-developed neighbors. As Mr. Natri puts it, "If our neighbors are prosperous, so are we."

On-Line Resources

Virtual Finland (Ministry of Foreign Affairs): http://virtual.finland.fi Finland Online: www.funet.fi/resources Statistics Finland: www.stat.fi/sf home.html Finnish Foreign Trade Association: www.exports.finland.fi City of Helsinki: www.hel.fi

Helsinki Stock Exchange: www.hex.fi Helsinki 2006 Project (Winter Olympics bid): www.helsinki2006.arg

Kiasma Museum of Contemporary Art: www.kiasma.fng.fi Finnish National Gallery; www.fug.li

Finnish Tourist Board; www.mek.fi

Investor's Europe

# Forward-Looking VW Gets Reminder of Past

would have earned at the time, Mr. the deal in coming weeks. The Itali-

covered by the laws under which came a massive and brutal venture

Volkswagen faces a lawsuit for the unpaid wages

of Jewish slave laborers during World War II.

By Alan Cowell New York Times Service

BONN - One week after it bought Britain's Rolls-Royce, and just as it adds Italy's Lamborghini sports cars to its automotive stable. Volkswageo, Germany's biggest auto concern, is discovering that its yearnings for a prestigious future stand to be tainted by reminders of an ioglorious past.

From modest offices at Bremen University, a lecturer named Klaus von Muenchhausen announced Friday that, acting on behalf of 30 Holocaust survivors, he planned to sue Volkswagen - Europe's most profitable car concern — for the unpaid wages of Jewish slave laborers during World War II.

reminder of Volkswagen's roots not supposed to enhance its range with only as Hitler's favored car company — the idea of a Volkswagen, 'people's car," was a pre-war project — but also as a key player in the Nazi armaments industry, building war materiel ranging from jeeps to the V-1 rockets that rained down on London.

And, Mr. von Muenchhausen said, the action could set a legal precedent for other companies including Ford, whose German subsidiary also employed slave labor during the Second World War.

Mr. von Muenchhausen, who is still fighting a separate court action on behalf of slave laborers at Auschwitz, said the plaintiffs in the newest suit, all now living in Israel, were Hungarian-born Jews who had beeo chosen for slave labor - rather than the gas chamber - in the notorious "selection" process at Auscbwitz. Most of them were teenagers at that time.

They worked at Volkswagen plants around Wolfsburg in Lower Saxony from 1944 to 1945 in jobs

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or representative.

Germany has paid out about \$58 employing at least 7 million billion to victims of Nazi persepeople.

Mr. von Muenchhausen said,

that included work oo the flight sta-bilization mechanism of V-1 rock-ets. Based on what a German worker

von Muenchhausen said, they were

In private talks, bowever, Volks-

wagen has refused to respond in

individual claims, which are not

owed about \$28,000 apiece.

The claims are being made at a time when Volkswagen is em-The legal action brought a blunt broiled in an expansioo program such glitzy marques as Rolls-Royce, for which the German car company is paying more than \$700 million, and Lamborghini, which it is ac-quiring through its Audi subsidiary

for a reported sum of between \$85

million and \$145 million.

however, that postwar German laws that offered compensation for imprisonment and damaged health caused by Nazi persecution made no provision for slave laborers.

Lamborghini and would negotiate

an company makes only about 200

ister, Albert Speer, slave labor be-

Under Hitler's armaments min-

lished a history of its wartime operations in which it acknowledged employing slave labor. But the company has refused to pay out indi-many's future, political experts vidual claims for wages owed to said.

Audi announced Friday that it had forced laborers, saying it is im-igned a letter of intent to take over possible to quantify the appropriate signed a letter of intent to take over

Volkswagen officials dealing with the issue did not return calls on cars a year, but they sell for prices of \$200,000 and upward. Friday to verify reports that the company was prepared to make some kind of payments to the Eastern and Central European countries from which many slave laborers

> Mr. von Muenchhausen's actioo has broader political consequences because, he said, the state of Lower Saxony has a 20 percent stake in Volkswagen. One of the directors on its supervisory board, thus, is Gerhard Schroeder, the Lower Saxooy state premier, who is the opposition Social Democrats' candidate 10 challenge Chancellor Helmut Kohl in national elections next Septem-

Mr. Schroeder is unlikely to want Two years ago, Volkswagen pub- to be drawn into an emotional dispote over Germany's Nazi past at a time when he is trying to present birnself as the emblem of Ger-

In France and Germany, inflation

has been held down by falling en-

ergy prices, a more stable exchange

rate for the franc and the Deutsche

mark and increased competition by

Recault SA. France's largest

automaker in terms of sales, had to

the impact of a common money.

# BT to Spend £70 Million to Link Services

LONDON - British Telecommuoications PLC, the dominant British telephone company, and its European partners said Friday that they would invest £70 million (\$114.1 million) to build a high-speed network to link their national operations.

The network, which will link Britain, Germany, Italy, France, Switzerland. Belgium and the Netherlands, will start operation in early 1999 and is the first phase of BT's pan-European connection plan. It will add 7,000 kilometers (4,200 miles) of fiber optic cable to the existing 25,000 kilometers in those countries. The network will include switching centers in 200 cities.

British Telecom also said Friday that it expected to plow another £1 billion into its Contineoral joint ventures by the middle of 2001.

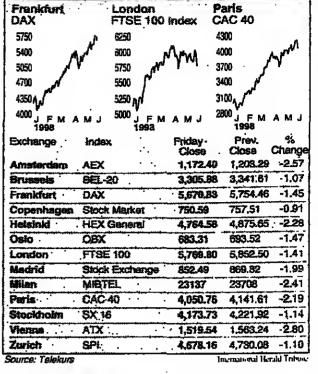
The latest investment brings to £2 billion the amount BT has invested in Europe so far, where it is focusing on high-growth data and mobile telecommunications as well as fixed-line phone service. The company said investment that supports data services has grown to about 50 perceot of its annual spending, from less than 5 percent in 1994.

'This provides the foundation for the European partners," said Alfred Mockett, president and chief executive of BT's global division, "to offer their customers a new range of multimedia services such as highspeed private circuits, Internet backbones, Intranets and enhanced broadcast services.

The European companies in which BT has stakes and who will participate in the project are Albacom in Italy, Cegetel in France. Sunrise io Switzerland, Telfort in the Netherlands, BT Belgium and VIAG Interkom in Germany.

The companies ordered telecommunications equipment, based on digital technologies called Syochronous Digital Hierarchy and Digital Wave Division Multiplexing, from Northern Telecom Ltd., the second-largest maker of phone equipment in North America.

Internet revenue in Western Europe will grow to \$30 billion in 2001, from \$1 billioo in 1997, ac-(Bloomberg, Reuters)



#### Very briefly:

• Bertelsmann AG's CLT-Ufa and Kirch Group plan to raise their stakes in the pay-TV channel Premiere to 50 percent each. The German Federal Cartel Office said CLT-Ufa, a joint venture of Bertelsmann and Audiofina SA, had asked to raise its 37.5 percent stake in Premiere by buying a 12.5 perceot stake beld by Canal Plus SA of France. Bertelsmann said Kirch would file for its increase soon.

• BCE Inc. sold its 14.25 percent stake in Cable & Wireless Communications PLC, Britain's largest cable company, for £975.2 million (\$1.59 billion), thereby leaving the British cable television industry.

• Packard Bell NEC will invest £26 million to create a "build to order" personal computer plant in Livingston, Scotland.

· South Africa's markets suffered another rough day as the rand hit a fresh low after the Reserve Bank cut its key repurchase, or repo, rate by 0.5 percentage point, to 17 percent. The dollar rose hit a high of 5.3000 rand in local trading before retreating to 5.2495 rand, against 5.2550 on Thursday.

• The European Bank for Reconstruction and Development said that it had begun selecting a president for the bank. with Germany formally nominating Horst Koehler, a German banker and the consensus European Union candidate. Ford Motor Co.'s British subsidiary said that a shortage of

supplies of door latches had brought production at its biggest plant in Britain to a standstill since Thursday night, A spokeswoman for Ford of Britain said the company hoped to resume production at the plant in Dagenham, east of London, next

· BAT Industries PLC's shareholders agreed to sell the company's financial services business to Zurich Insurance Co. of Switzerland, sealing a \$18.7 billion deal to create Europe's fourth-largest insurer and the world's second-largest Blownberg, Renters tobacco company.

# 4 Countries Report Low Inflation

## Interest Rates for Euro Will Be Close to German Levels, Data Show

FRANKFURT — Inflation in rate hikes are needed in the core In France and Germany

reports showed Friday, suggesting that interest rates will be close to low German levels when a common currency is formed in January. Consumer prices rose 0.1 percent in France and Spain and fell 0.1 percent in the Netherlands. In Germany, Europe's biggest economy.

as the prices of package tours and fresh fruit increased. In all four countries, the annual inflation rate was at or below 2 percent. Lack of price pressure in most of the 11 countries joining monetary union will help them move toward a unified interest rate by Jan. 1, when the euro is introduced, analysts say.

prices rose 0.3 percent in the month

In countries such as Spain and Italy, falling inflation has allowed central banks to cut rates closer to Ger-

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four of Europe's biggest economies countries, they won't happen until remained tame in May, government the fourth quarter." the fourth quarter. The European Central Bank is to

take control of setting rates for monetary union after nations lock their companies bracing themselves for exchange rates together and the euro is established. The bank's 17-member governing couocil, which met for the first time Tuesday, will be discuss steps to a common rate

The reports Friday suggest that any rate increases from Germany, France and other so-called core European countries will come later rather than sooner. France, Germany, Spain and the Netherlands account for almost 70 percent of total gross domestic product in the monetary union area.

The reports "confirm that inflation in euroland as a wbole remains many's 3.3 percent benchmark rate.
"The European Central Bank will be happy," said Stefan London. "There is certainly no ur-

leave the price of its compact Clio able to use its monthly gatherings to unchanged when it added new features in March, In the Netherlands, where economic growth is outpacing that of France and Germany, the unexpected drop in May consumer prices may ease concern that the economy is overheating. The annual inflation rate fell to 2.0 percent from a revised 2.4 percent in April, which was the

Spanish consumer prices rose 0.1 percent in the same period, as falling energy prices limited the effect of cording to International Data Corp., Morgan Stanley Dean Witter in rising costs of services such as tour- of Framingham, Massachusetts.

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highest among the economies of the

Il euro countries.

#### WORLD STOCK MARKETS

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The stock market in Tel Aviv is closed on Fridays.

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Continued on Page 16

KYOTO, Japan - Nintendo Co. said Friday that it was slashing the price in Japan of its Nintendo64 home video-game player by 17 per-cent in a move to challenge the dominance of Sony Corp.'s Play-Station in the domestic market.

Kyoto-based Nintendo will lower the price to 14,000 yen (\$98.94) from 16.800 yen in a bid to lift market share in Japan, the company president. Hiroshi Yamauchi, said. The price cut takes effect July 1.

Over the past year, Nintendo rang up 89 percent of its Nintendo64 sales overseas, where the machine sells far better than in Japan. Hardware for the PlayStation, the Nintendo64's main rival in the estimated \$15 billion worldwide videogame market, outsold Nintendo64 hardware about fivefold in Japan in the year that ended March 31.

The price cut means the Nintendo64 will sell for 4,000 yen less than the PlayStation, and 6.000 yen less than Sega Enterprises Lid's Saturn machine, the third bestselling home video-game player.

Domestic shipments of the Nin-tendo64 fell by almost half in the year that ended March 31. Nintendo shipped 1.11 million units within Japan, from 2.04 million units the previous year.

Sony had shipped 32.82 million PlayStations as of March 31, against 16.14 million Nintendo64 players. The PlayStation was introduced in 1994, the Nintendo64 in 1996.

Continued from Page 1

command economy, and he cau-

rioned that it was now in the throes

of an unpredictable transition to

troduce shock therapy and go from a

nonmarket to a market, the short term

disruption is enormous," Mr. Rose

said. He added, however, that once

the transition is made, Japan could be

Shimpei Nukaya, vice minister of the Economic Planning Agency, said

that the negative impact on Japan's economy from the Asian economic

crisis was bigger than the govern-

ment had expected and that the fig-

ures "underline the gloomy situation of the oational's real economy."

poised for strong growth again.

'Like Eastern Europe, if you in-

more of a market economy.

traditionally had some elements of a banks. Nippon Credit Bank, was fa-

# Hong Kong Bear Paws the Ground

HONG KONG — As Hong Kong's benchmark stock index hovers near a three-year low and economies across Asia tip into recession, Hong Kong's higgest bear says he is beginning to feel downright hullish.

Marc (Dr. Doom) Faber is the bears' bear, a gloom-monger who said for years that stocks, property prices — just about everything it seemed — was going to go to hell and soon.

The 52-year-old Swiss-born to 7,886.07 points Thursday fund manager was so wrong for so long that many rivals called him a crank. But now, just when he's found new companions in misery, the index rose to 7,915.44 points. Mr. Faber is switching sides.

"I am actually quite optimistic, these days," he said Friday in Hong Kong, "If you huy" Asian equities "you can achieve a profit, if you don't stay in too long. But in a week that the Hong Kong index fell to its lowest level

since 1995 — tumbling 7 percent

The bear says Asian stocks are a

buy because they've become so cheap they're likely to benefit from temporary rallies of up to 50 percent at a time before declining again. He did not list recommendations but said he had already bought some "second-liner"

# **Stocks in Seoul Suffer Record Fall**

SEOUL - South Korean shares tumbled 8.1 percent Friday, in their biggest ever one-day fall, propelled downward by fears that the falling yen could derail efforts for the country's economic recovery.

The benchmark Korea Composite Stock Price Index closed at 302.09. the lowest since January 1987, down 26.61 points.

"The yen is killing Asia," said Lee Jae Yuel, a fund manager at Seoul Securities Co. "Investors are selling as much stock as they can." The yen's frailty makes Japanese

consumer electronics cheaper and puts pressure on South Korea to let its own currency weaken to boost overseas sales. This would make it rates, condemning thousands of country, scared by growing regional

cing deht-repayment difficulties.

Nippon Credit Bank said that it had

asked 22 holders of its subordinated

debt to convert a portion to deposits

and had extend the maturity on more

than 200 billion yen (\$1.4 billion) in

plan, and nine institutions have

agreed. But the bank denied that the

Democratic Party policymaker, said

Thursday that no bank failures were

reassure the markets that the top pri-

ority of the naooo would be to chip

away the pile of bad bank loans over

the oext two to three years through an

anticipated in the near term.

Taku Yamasaki, a top Liberal

Government officials also tried to

restructuring was a sign of trouble.

The won weakened slightly on yen. Friday to 1,390.50 to the dollar from 1,389.00 on Thursday.

spree on signs of instability in other Asian markets amid the yen's plunge," said Park Jun Kyu, an analyst at Dong-Ah Securities Co.

bad news for the country's key strategy to revive its economy by selling more goods abroad.

Japan and South Korea compete in such key products as cars, com-

exports of cars, computer chips and puter chips and home appliances, ports. and the weak yen makes Japanese goods more competitive overseas. Mr. Park said the market sentiment was dampened by concerns crimp its exports to Japan and also

properties taken as collateral.

Criocs, however, are skepocal

quickly enough to clear up the bad

loans, which have swelled to more

than \$600 billion since the econom-

ment from Tokyo offered new data

only for the January-to-March peri-

od, but since Japan's fiscal year ends

on March 30, the new figures meant

that over the course of the last fiscal

year, the natioo's gross domestic

product fell 0.7 percent. That was

the first absolute decline in output

since 1974, when Japan grappled

with the first oil sbock.

Friday's economic announce-

instability caused by the falling

South Korea hoped to use its own weak currency to dramatically boost 'Investors went on a selling exports. But the falling yen all but dashed such hope, the bank said. South Korean car and other companies are already struggling

under mounds of unsold products as A falling yen means more com-petition for South Korean exports— Koreans tightened their belts and domestic sales plunged. Last year, Korea exported \$14.8

hillion of products to Japan, equal to 10 percent of its total exports, while it imported \$27.8 hillion from Japan, 19.2 percent of its total im-

Daewoo Electronics Co., Korea's yuan, up from 8.2793 on Thursday. third-largest home appliance producer, said the weakening yen would

harder for Seoul to lower interest that foreign investors may desert the lead to greater competition at home. (AP, Bloomberg)

JAPAN: Tokyo Admits the Economy Is in Recession, Underlining Risk to Region Fears had also risen earlier in the American-style mechanism that declined by 3.8 percent, the first week that one of Japan's largest would allow the banks to shed the drop in a dozen years, as troubled had debt from their books and sell the Asian economies drastically cut

back on their imports from Japan. Criocs, however, are skepocal officials point out that the government will move ernment's \$111 billion stimulus package seems about to be passed by the Parliament, clearing the way for a rush of public funds into the economy. The governing Liberal Democratic Party is counting heavily on the

public money to pick up growth.

But industrial production fell 6 percent in April from the year before, corporate profits have timbled, prices are falling ominously, and some economists warn that Japan may be sinking into a deflationary spiral, in which falling profits would lead to rising unemployment, which would curb consumption and bring Exports for the first quarter also prices down further.

# Central Bank Investor's Asia Steps Back In To Aid Yuan

SHANGHAI - Worried by the weakening yen and bearish trade data, China's central bank intervened in the market Friday for the second time this week to keep the local cur-

rency from falling, dealers said. The People's Bank of China, the central bank, will continue to try to keep the dollar at around \$.28 yuan on the national foreign exchange market, they said.

The central bank bought whenever the yuan approached the key 8.28 level," a dealer in Shanghai

On Monday, the ceotral bank bought the yuan for what dealers said was the first time in months after the dollar finished at a six-month high of 8.2805 yuan June 4. They saw yuan buying from the bank, though not in big volumes, again Friday when the dollar touched

an intra-session high of 8.28.
"The buying was not heavy today because it's easy to support the yuan in a quiet market ahead of the week-

end." the dealer said. The bank declined to comment, The Shanghai-based market, the

China Foreign Exchange Trade Sys-tem, does not post trading volumes. The dollar ended Friday at 8.2796

"The year was still under the pressure of China's slowing exports," another dealer said. The outlook for the yuan has been dampened further by the weak yen, dealers said.

Dealers in New York said the Bank of China had been a sporadic buyer of yen against the dollar in recent days and weeks.

The central bank has also been a frequent seller of U.S. Treasury bills, the dealers said, fueling speculation that the bank may be using some dollar reserves to support the yen. But a Bank of China official in

New York said the bank was not involved in any such dealings, Beijing bas repeatedly said it would not devalue the yuan despite the steep depreciation of other Asian

Separately, China said Friday that its foreign exchange reserves hit \$140.91 billion at the end of May, but the torrid pace of increase leveled off amid the Asian financial crisis. In 1997, China's reserves surged

by \$34.9 billioo, to \$139.9 billion, According to the figures Friday, they grew by just \$1.01 billion in the first five months of this year.

#### Hong Kong Hang Seng Singapore Straits Times Tokyo Nikkei 225 10200 t450 16400 9400 1300 15800 8600 1150 7800 J F M 14600 Exchange 7,915.44 7,886.07 +0.37 Hong Kong 1,086.83 +0.43 2,571.70 2,558.70 +0.51 Takyo 15,022.33 15,014,04 +0.06 Seoul Stock Market Index 7,117.11 7,210.74 -1.30 ilenila. 1,829.02 Unch. Jekarta. Composite index 411.54 408.37 -0.77 Vellington NZSE-40 1,997.63 2.008.78 . -0.56 Sensitive Index 3,347.41 3,335.76 +0.35

#### Very briefly:

· Coors Brewing Co. of the United States has offered to invest \$100 million to take over its joint venture with Jinro Group, Jinro-Coors Brewing Co., if creditor banks first write off more than half of the venture's \$481 million deht and turn the rest into equity.

 Samsung Electronics Co., the world's largest memory-chip manufacturer, said its South Korean plants would probably sbut down for one week each month unol August as part of its effort to reduce inventory and stabilize prices.

• Korea Electric Power Corp. plans to borrow \$1.25 billion from the U.S. Export-Import Bank. Kepco, as the South Korean oblity monopoly is known, will pay just 1 percentage point above the yield on comparable U.S. Treasury bonds for the least The money will be used to a second source. the loan. The money will be used to pay for equipment and construction of the generators.

• ING Baring Securities (Japan) Ltd., HSBC Securities Japan Ltd. and Sumitomo Capital Securities Co. have had some operations suspended by the Japanese Finance Ministry for limited periods of time for violating securities laws.

• Japan Airlines Co. confirmed that Eitaro Itoyama, a former member of Parliament who is allegedly friendly with top Japanese gangsters, is the airline's top sharebolder. JAL said Mr. Itoyama had a 3 percent stake as of March 31.

• Japan has not kept a promise to open up its insurance industry, U.S. trade officials said after four days of talks with counterparts in Tokyo. The talks focused on whether Japan was upholding a 1996 agreement under which Tokyo pledged to lift regulations that protect its insurance market and delay the entry of Japanese insurers into the new "third-sector areas where U.S. companies have a big share,

• Mitsubishi Motors Corp. plans to start producing a multi-purpose "Asia car" at its factory in Indonesia early next year, if the outlook improves for auto sales in the world's fourth most-populous country. Fujitsu Business Systems Ltd. has begun selling Netscape

Communications Corp.'s Web Application Server and related products. Bloomberg, Remers, AF

# **YEN:** Policymakers Are in a Catch-22 Over Bolstering Currency

Continued from Page 11 collapse. What is important is 0.7 percent for the fiscal year sumer goods.

i) manufacturers in South Ko- country, not the trade imbal-8.1 percent on Friday, that enjoy themselves." low-priced Japanese products would force the collapse of a however, believe that Japan oumber of Korean compa- sees rising exports, often in

Siegel, co-chairman of the

Davidson and Hormel, as in

Siegel also handles licens-

Collection, which he said he

would like to "push a little hit

away from religious items"

in favor of inspirational and

the company that if it did not

go into the T-shirt market it-

setting up a licensing pro-

gram, which started modestly

fine-art products.

game plan yet.

. .

Sparn, for which there is no er and book.

them," he said. "They have no idea that it's licensed." year, she said. Chrysler Cor

the economic welfare of the country, not the trade imbalance. If people can buy reasonably priced goods, people enjoy themselves."

Mark forcian capacitate that ended on March 31.

"Exports have been going on the Asian senior economist at HSBC services of the Asian senior economist at HSBC services citizen and it's not large enough to rea, where prices on the ance. If people can buy rea-Korean Stock Exchange fell sonably priced goods, people

Many foreign analysts,

at least 10,000 products.

"It started out as a way to

Chrysler Corp. is taking its

Jeep brand in many direc-

with the higher-income household that typically shops for a Grand Cherokee

with miniature TV, silk neck-

ties, a putter, luggage and a

'If there isn't a fit between

sport-utility vehicle.

tertainmenL

Continued from Page 11 more than 240 licensees and

Beanstalk Group, which man-made from a Coke can, baby

"When somebody huys a protect the trademark, but product that is a relic of Harnow it is part of our overall

ley-Davidson motorcycles or marketing initiative for Coca-

the Coca-Cola polar bears, Cola," said Susan McDer-

they are extending their af- mott, a company spokeswom-

fection for that item and sur- an. Coke declined to provide

rounding themselves with specific sales figures, but 50

icons that are meaningful to million items were sold last

ing for the Vatican Library tions, all of them ending up

Coca-Cola is the success the brand and the product story that has launched a you're licensing it to, the coo-

competition with exports from "Trade friction results China and South Korea as well from problems in the other as Western countries, as key to countries," be said. "If you reversing the dismal economic have a very good economy, trend reflected in a decline in there is no political reason for the gross domestic product by **BRANDS:** Names Make Sales

debt. So far, three have rejected the ic bubble burst in the early 1990s.

make up for the losses. "That's the main reason

the economy is so bad. The ecocomic downturn is holding interest rates down. They should be higher." questioned Analysts

trillion yen economic stimulus package or plans for turning sharp cuts in corporate and around." sharp cuts in corporate and individual income taxes would have the desired effect of reviving the stalled econ-

people still love to surround The licensed products themselves with icons that range from beach towels and move them," said Seth boxer shorts to a silver Coke the 16 trillion yen, about \$115 bottle, a \$75 framed picture billion, would be spent largely on pork-barrel public ages licensing for, among clothes, earnings and even a others. Coca-Cola, Harley-fishing lure in the shape of a works projects while indi-vidual Japanese prefer to save rather than spend on con-will be no trade wars." little can complete with feath-

The stimulus package is

the HSBC Securities, citing and it's oot large enough to the need to sell elsewhere to deal with all the problems. They should deregulating more, permitting more merger and acquisioon activities, making restrictions easier.

Mr. Nakamura disagreed. "Instead of accelerating exports, we should stimulate whether the government's 16 domestic demand," he said. "Tax reform is the key to the economy

He called on the government to reduce personal income taxes from their high of 65 percent to 50 percent and Many analysts believe that corporate taxes from 46.3 percent to 40 percent.

" If we have enough demand on the domestic market,

# 

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Capital Stock Life 12,550,000,000 fully paid in
Turin, Registry of the Companies no. 327/27 Notice of a Shareholders' ordinary and

extraordinary general meeting Notice is hereby given that an Ordinary and Extraordinary

Shareholders' general meeting will be held in Turin at the offices of TORO Assicurazioni S.p.A., Via Lascaris 4, on Tuesday June 30th, 1998 at 10,00 a.m. and in case of a second call on Wednesday July 1, 1998 at the same place and time, in order to discuss and vote upon the following Ordinary general meeting:

1 Report of the Board of Directors and of the Board of Statutory Auditors for the year ended December 31, 1997; financial statements as of December 31, 1997; related resolutions 2 Resolutions in accordence with art. 2357, 2357 ter and 2359 bis of the Italian Civil Code.

thousand other corporate li-censing ventures, but Coke got into the husiness only as a defensive maneuver. In the early 1980s, lawyers advised 3 Resolution in accordance with D.Lge December 18th, 1997 With that in mind, the Jeep self, someone else legally catalog includes a cordless phone, a boom box complete 4 Appointment of a Director.

Extraordinary general meeting Modification of art. no. 21 of articles of association; related

In order to partecipate to the general meeting, holders of ordinary (voting) shares and holders of preferred (non voting in the ordinary meeting) shares are required to deposit their certificates, at least five day prior to the meeting, at the corporate offices in Turin - Corso Matteotti 26, or at any of the following banks. Authorized banks:

In the Federal Republic of Germany: Commerciank.
In Switzerland: Banca Commerciale Italiana (Suisse), Crédit Suisse and Société de Banque Suisse. In Italy: all the leading banks.

The Financial Reports at December 31th, 1997, with the reports of the Statutory Auditors and the Auditors, are depositated at the Corporate Offices at the Shareholders' disposal and will be sent to those who request them.

# **Good News** to our readers on the French Riviera: The IHT is available at all these fine news agents.

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## THE FUND PERFORMANCE FOCUS

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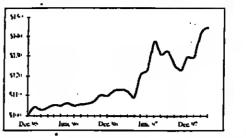
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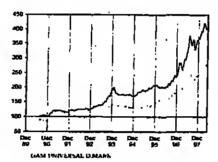


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the world'e top-performing global equity fund for the 12 months through May 1, 199B as ranked by The Wall Street Journal Europe and Asia.

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# MAGNUM A

the top-performing U.S. equity fund in the world

by Lipper Analytical Services. the top-performing fund of funds in the world for the previous 12 months, as ranked by The Wall Street Journal European and Asian editions on March 5, 1996. the top-performing multifund with a U.S. geographic emphasis for calendar year 1996, end for the 12 months through November 1997, es ranked by Lipper

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5 money market compartments: USA, Europe, Germany, France, Great Britain Italy.

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#### OUTSTANDING EUROPEAN EQUITY GAINS

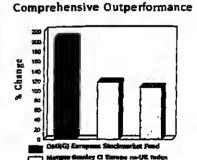
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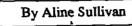
Julian Staplas, International Herald Tribune

E-mail address: moneyrep@lht.com

Content

Executive Privilege: Earn Now, Payoff Later

American-Style Bonuses and Stock Options Signal a Trend Toward Deferred Compensation



MERICA'S STREETS may not be paved with gold, but they sure can seem that way to executives working elsewhere. Basic salaries are oot much higher than in many other countries, but fabulous bonuses and stock options make the United States the land of opportunity, at least for those working well above street level.

Discrepancies between remuneration in the United States and elsewhere are most apparent at the top of the corporate ladder. The ricb in America's boardrooms are truly different: Chief executive officers made an average of \$901.181 last year, according to research by the consulting firm Towers Perrin in New York. That is more than half again the amount made by their counterparts in Brazil, Hong Koog and Singapore, and twice that made by those in Australia, Canada, Germany and Ja-

pan, according to the study.

That disparity is even more startling at the biggest companies. A receot study by SCA Consulting in London found that chief executives at Fortune 100 companies in the United States make about \$5.4 million on average, or three times that earned by those at Britain's FT-SE 100 companies, even after adjusting for differences in sector, company size and business performance.

Variable bonnses and long-term incentive awards, ootably stock options, send U.S. executives laughing all the way to the bank. Other components of executive compensation - which can include a basic salary plus regular paymeots such as vacation allowance, compulsory and voluctary company contributions, and perquisites such as the annual cash value of company cars and club memberships - are ofteo doled out more generously in Europe and Latin America than in the United States, But their value is usually meager compared with the stock options.

For U.S. chief executives as a group, the variable bonus and long-term incentive-award components account for more than half the total remuneration package, according to Towers Perrin. For chief executives of large companies, they represent about two thirds of

It is this flexibility that enables the huge compensation packages of highly paid executives such as Sanford Weill, bead of Travelers Group Inc., who col-But you have to believe we won't lected \$220 million last year after exercising options on the company's

Despite the song lyric, Americans who can make it in New York can not necessarily make it anywhere. What has become commonplace in the United States can still evoke outrage in other, more egalitarian, societies.

By Judith Rehak

in to answer the phones or do clerical work when someone

went on vacation or fell till?

Increasingly, and especially in the United States. a temporary employee now may well be a lawyer, a computer specialist, or even a scientist.

who stays at the same job for

weeks - if not months - at

billing rates that can run as

and demand for services ex-

ploding, the companies that

provide these professionals

have become a profitable in-

U.S. temporary staffing business has

slowed to about 11 percent, the spe-

cialist niche is booming, reporting at

least double that growth rate.
A report by Robert W. Baird & Co., a

Milwaukee brokerage, cited an array of

reasons for the success of such compa-

nies, including a growing acceptance of

outsoorcing for professionals and the

ability of temporary staffing firms to

respood quickly to changing needs -- at

bringing the client something extra, and we'll charge for it." said Judith Scott,

ternational Inc., a top pick of Ms. Scott,

which got its start specializing in ac-

counting, information technology and

bank staffing. Already a leading player in

professional services, the company is

now moving into providing financial-services executives, one of the most

promising business segments in Ms.

Started only a year ago, the new pro-

gram brought in \$15 million in fees in the

first quarter of this year, up from about S1

million for the same period in 1997. Ms.

an industry analyst with Baird.

"These companies are saying, 'We're

One such example is Robert Half In-

a bandsome markup.

Scott's opinion.

With fees at those levels,

bigh as S100 an hour.

EMEMBER when

was a secretary or

receptionist called

the office "temp"

Huge paychecks for top executives are almost unheard of in New Zealand, short-term and long-term executive decisions," the researchers said. for example, where chief executives average only \$183,233 a year, most of which is basic salary.

Robert Haft Int'l

Share price in dollars

share of their total remuneration through annual and long-term incentives that directly link individual rewards to measurable business performance,"

Britaln

\$322

219

184

U.S.

\$395

N.A.

the Tower Perrin report said. Executives may find their employees

surprisingly receptive to requests for incentives as businesses everywhere struggle to hold oo to valued employees. A recent study by Manchester Pattners International, a resource consultancy based in Philadelphia, found that most companies are offering better compen-sation and beoefits, including stock ap-tions, profit-sharing and retention bo-

Website: www.ihl.com/IHT/MONEY

They have good reason: Demand for executives worldwide rose 7 percent during the first quarter of 1998, according to International Executive Demand Index.

'Executive demand around the globe is being fueled by technology, software, telecommunications and industrial companies, said Windle Priem, president of Korn/Ferry International North

"It's interesting to note that indus-trials — basic industries of the 20thcentury economy — are going head-to-bead with companies of the serviceoriented millennium economy, competing for top executives."

HAT SAID, substantial stock options remain at least partly the preserve of chairmen and chief executives. More than 90 perceot of Fortune 100 companies grant stock options to their chief executive but fewer than half make more than a gesture to the rank and file. Outside the United States, that proportion is far

Top executives in the United States derive more than half their \$395,000 annual average earnings from stock options and bonuses, making them the best-paid managers in the world. Strip away the long-term inceotives, bowever, and their pay is less than that of their counterparts in Britain and Japan, according to Towers Pertin.

In the field of human resources, where long-term incentives represent a still important but smaller proportion of total compensation — about 20 percent — employees in the United States bave — employees in the United States bave — the same a still a state of the same at the same less to crow about. The average total remuneration in the field -- \$193,000 in the United States - is not much more than in Japan and Britain and is significantly less than in Argentina and Brazil, where perks are more lavisb. Variable bonuses and loog-term.in-

centives represent an even smaller proportion - about 10 percent - of the compensation for an accountant with a professional qualification and about five years of experience, according to Towers Perrin. Again, that has a significant impact on the profession's relabout \$64,646 in the United States. ranking only seventh in the 24 countries

U.S. executives are the country's manufacturing employees. Their average \$37,856 compensation, which includes no long-term incentives, is substantially less than that of their counterparts in Germany, Japan and Switzerland and roughly on par with most West European countries.

# Share price in guilders Share price in guilders Stare price in Swise t

**European Staffing-Company Shares** 

Randstad

# In Europe, a New Taste For Labor Flexibility

Growth Outlook Lifts Temp-Agency Stocks

By Conrad de Aenlle

T SEEMS THAT every treod in Europe — corporate restructuring, labor-market reform, economic recovery, the embrace of new tecbnologies — works to the advantage of companies in the staffing business, and their shares have soared to reflect this. Over the last 12 months, 14 stocks in the industry tracked by Goldman Sachs Intemational have risen on average by 62

"On the Continent and in the U.K. 'companies are outsourcing, focusing on core competencies," Niall MacLeod, who follows the industry for Salomon Smith Barney, said in explaining the appeal of staffing companies to European corporations and in- CHANGINO JOBS

have greater flexibility of labor. people doing things at certain times. There is structural longterm growth in the industry. Driving much of that growth is

the fact that governments, especially in large countries like France and Germany, are making it easier for companies to hire and fire.

are a lot of reasons to be confident." Mr. MacLeod said. "In Germany, maximum lengths of contracts have been extended for temporary workers, and in Italy, temporary employment has been legalized. There will be huge structural change in the next five years.

Staffing-company placements represent 1.5 percent of European workers, compared with 2.0 percent in the United States. With labor-market restrictions easing in Europe and strong economic growth, they may rapidly increase that proportion to up to 10 percent, said Boris Bernstein of Goldman Sachs.

The industry has undergone a change in the way investors perceive it. Roger Monson, chief equity strategist at Daiwa Europe, said that the industry used to be viewed as countercyclical, with profits and share prices rising as economies were pulling out of recession.

The countercyclical argument had it that during slow economic times companies would make more use of temps, since they would not want to commit to permanent staff until long-term demand picked up." he said.

The industry is now seen as being more in phase with the economy, and with the European economy apparently in a sustained period of growth, investors are interested. "The industry as a whole is very much a loog-term growth sector," Mr. MacLeod said.

That is especially so for specialty staffing companies in industries such as engineering, information technology and accounting. These, he said, "are growing much faster and tend to have higher margins" than generalist firms. Because their growth is not as robust, general staffing companies — the ones that employ secretaries, bookkeepers and so forth - tend to be more suseptible to economic swings.

Yet despite the apparent advantages of operating in high-growth oiches, spe-cialty firms are more cheaply priced, trading at just over 30 times last year's earnings, compared with a multiple of 40 for general companies.

Those are rich valuations rich enough to warrant caution, analysts said.

Longer term, the group will continue to be promising," Mr. Bernstein said. "They're not cheap, but given the growth outlook and how cash-generative they are. they're reasonable value.

see the economic cycle turn in the next economic downturn, they could be bad

investments' Mr. Bemstein has a "trading buy" on Content NV, a Dutch general-staffing company that carries a significantly lower valuation than its peers after a drop in its share price.

Among others in the general sector, he rates Adecco SA of Switzerland a "market outperformer" and gives Randstad NV of the Netherlands a weaker "market performer" opinion.

The British specialty company Select Appointments (Holdings) PLC draws "outperformer" rating. It had been on Goldman's recommended list, but fell from grace when its sbares reached a stiff £9 (\$14.60). Brunel NV, a Dutch specialist, is expected to move in line with the broad market.

Mr. MacLeod has a kinder opinion of Brunel, calling it "a fantasite busi-

Timothy Steer, an analyst at Merrill ynch & Co., has a buy rating on Parity PLC, a British company specializing in information technology, whose margins he expects will improve. He has a neutral rating on PSD Group PLC, which recruits permanent staff for the information-technology iodustry, not rem-

#### But long-term incentives are increasture provides a mechanism to achieve That same thinking can, and increasin socialist-oriented countries such as ingly does, apply to executives lower down the ladder, both in the United France and Sweden. surveyed. Far from the rarefied air enjoyed by The SCA study suggested that there States and in other countries. were solid reasons for this trend. "More employees, in more countries than ever before, are receiving a larger "A greater risk-to-reward relationship reinforces a performance-focused culture and balances the importance of

\$189

106

Total direct compensation as of March 1998, including long-term incentives,

\$282

146

154

**S315** 

169

181

While it is debatable whether U.S. CEO pay is sufficiently performancebased, it is undeniable that the pay struc-

Compensation a la Carte

in thousands of U.S. dollars.

Managing Director

Financial Manager

Source: Towers Perrin

Operations Manager

Human Resources Manager

Specialists Help U.S. Firms Move Up the Skills Scale

# U.S. Staffing-Company Shares Interim Services Manpower Share price in dollars Share once in dollars

vestment play. Although an-nual growth in the \$54 billion-a-year Scott said she expected Half's share price, currently around \$50, to go as high as \$62

over the next 12 months Matthew Roswell, who follows the industry for Legg Mason, a Baltimore brokerage, favors AccuStaff Inc., a company that gets two thirds of its profits from the information technology area. The company provides a range of professionals to the sector, up to those wbo can handle bigh-end business software programs made by such compa-nies as SAP AG of Germany and PeopleSoft Inc., commanding top billing rates. AccuStaff's earnings leaped 45 perceot in the first quarter of this year. Mr. Roswell expects earnings per share to grow to S1.31 this year from 98 cents in 1997.

In an even more specialized play, he also likes CDI Corp., the largest supplier of technical and engineering personnel in the United States. The Philadelphia company's stock price slumped in April, when it announced flat earnings, the result of higher-thananticipated expenses in starting up service for several new customers. That is only temporary in Mr. Roswell's opinton, and he remains positive on the company, which announced several new contracts with, among others, the

aerospace companies United Technologies Corp. and Parker Aerospace. a unit of Parker Hannifin Corp.

Other temporary staffing companies arc still operating partly in the lower-paying, traditional end of the business, but lifting profitability through value-added services. One of the most interesting, and a favorite of several analysts, is Interim Services Inc. Its work force is divided equally between office employees and professionals, such as information-technology specialists. But what sets the company apart from its competitors is that it goes on site at a company, in effect setting up a branch that targets, fulfills and supervises all temporary-employee needs.

They check the temporary staff's productivity against benchmarks, make sure they follow the job through to completion." Ms. Scon said. The company even checks that its temporary staff is properly dressed, she added. She expects Interim to post earnings per share of \$1.25 this year, up from 97 cents in 1997.

One intriguing question is where these companies find such a high level of professional personnel. Some have lest their jobs because of restructuring. only to find temporary work as a way to earn income, if not the avenue to a new

permanent position. But some observers say that these professionals are part of a cultural change in U.S. society, which sees employment "security" in an individual's skills and experience, and the ability to bave several employers instead of depending on just one.

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As for the industry's traditional players, like Manpower Inc. and Olsten Corp. analysts expect them to remain profitable, but not at the levels of the smaller, professional players. Manpower's profit margins of 18 percent compare with 30 percent for Robert Half.

Paradoxically, the U.S. unemployment rate, which fell to a 28-year low of 4.3 percent last week, is not a bonanza for these more tra-

ditional staffing companies, who find the most profitable levels to be from 5.5 to 6 percent.

At the current unemployment level, their clients need more temporary Mr. Roswell said, "but the flip side is that we are seeing spot labor shortages, where they can fill only one request out of three, so the temporary staff firms have 10 spend more to recruit

and train new employees."

Many of these groups have made acquisitions in Europe, where the industry has more growth ahead than in the United States, although they fact fierce competition there, as well as a different set of unknowns.

Manpower is a good example. With \$7.3 billion in sales last year, it is seen as a solid, well-managed company, but its first-quarter earnings fell 18 percent when it was hit by unfavorable currency translations. More damage was inflicted when France, where it does 40 percent of its non-U.S. business, repealed tax credits for companies employing low-

skill employees.

ACTESTAFF INC and MANPOWER INC are both graded on the New York Stock Exchange and the Frankrist Stock Fechanis. Exchange

• CDI CORP. INTERIM SERVICES INC. and ROBLET

HALL INTERNATIONAL INC. are traded on the New York

# As Japan Slims Down, Job-Finders Fatten Up

Outplacement Firms Profit From Economy in Flux

By Miki Tanikawa

IRED OF HUNTING for barsee your picks pummeled by the country's imploding economy? Perhaps you should look for companies that do well because of the weakness and the structural changes it is forcing on corporate Japan.

Drake Beam Morin Japan Inc., an outplacement company that helps clieots' released workers find new employment, is getting good reviews from investment analysts. The practice of laying off workers, which was considered largely a preserve of foreign companies in Japan, is now slowly being embraced by some large Japanese companies because of mounting pressure to streamline.

Drake Beam Morin Japan was founded in 1984 when the current president, Atsuhiko Tateuchi, concluded a liceosing agreement with the American outplacement agency of the same name to operate a financially independent concern, It has found itself in an increasingly favorable operating environment as the recession in Japan lingers on. The

company, after years of solid growth,

went public last autumn.

For Drake Beam, "companies" pressure to reduce personnel is a tailwind," said Michihiro Ashiya, an analyst for Ichiyoshi Securities, which specializes in over-the-counter Japanese stocks.

Last year, after-tax profits for Drake Beam surged 100 percent, to 208 million yen (\$1.46 million), a record for the company. Profit slipped 18 perceot for the year ending in March, primarily because of costs associated with the public offering of the company's stock and recruitment of new sales staff, which bas not yet begun contributing to earnings.

The company, however, forecasts an 18 percent profit growth this year as its new sales force and oew branches in Sapporo, Hiroshima and Sendai begin

to contribute to the bottom line. Analysts said that few companies in Japan possess the accumulated knowhow and credentials that Drake Beam Morin Japan does in landing new jobs for released managers. According to company figures, 97 percent of its cli-

Continued on Page 19

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## THE MONEY REPORT

# tom With Playing It Safe in Asia

Buy Dollars and Get an MBA, Experts Advise

By Thomas Crampton

HEN BOB Burgess turned up at his oew joh in July, he had the mission, mandate and means to build a world-class equities research team for a That finance company. His timing, bowever, was atrocious.

During his second day of work in the new office, Thailand dropped its de-fense of the baht, sending the currency reeling and kicking off an economic crisis that soon engulfed much of Asia. His company and job were quick cas-ualties of the crisis, but Mr. Burgess said

that at least he had the satisfaction of seeing his personal investment plan vindicated.

The fall of the baht took longer than I expected, be said, but huy-changing jobs for a year. Many and Many and

The collapse and closure of companies has left thousands of people johless and many more worried about the future of their employment. In Thailand, two-thirds of the country's finance companies have been shut down within the last eight months, prompting most investment professionals to map out contingency plans in case they lose their jobs.

Muent in Kosa

I had long before sold out of Thai stocks and already changed most of my baht savings into dollars, " said Mr. Burgess, who now works as a consultant on investment projects while searching for a full-time joh. "Basically, my plan was — and still is — to coover all baht into dollars and basically stick it under the mattress."

Although the baht touched a low of 58 baht per dollar in January, Mr. Burgess said that up to now he has averaged an exchange rate of 28 baht per dollar.

Bangkok, said it was important for

people worried about their jobs to plan for the worst and avoid risk as much as possible. That means ruling out anything that relies on or could be affeoted hy Asia's now unstable currencies and

plunging stock markets.

Mr. Sheridan recommended that people working outside of their home country put all debts and assets into the same currency to limit exposure in case exchange rates change sharply.

Putting equity investments into mu-tual funds or fixed-income funds rather than individual stocks and applying for credii cards before you lose your job are also possible tactics, Mr. Sheridan said. It's easier to line up a pool of credit with the card companies when you still have a job," he said. "At one point, I had enough credit cards to stop working

Many analysts in Bangkok's investment community are heavily weighted toward bolding dollars in cash. Having watched economic collapse in Asia, these analysts said they were waiting for the other shoe to drop in the United States.

The markets are so uncertain that people are staying very liquid," said Sriyan Pietersz, strategist at SocGen Crosby Securities in Thailand. That way they are not committed to a losing market, but if investment opportunities turn up they can take advantage of them."

In Thailand's current bigh-interestrate environment, he said, money could be made simply by placing money in fixed deposit accounts with a threemonth rollover.

At some point, he added, Thai slocks will be worth buying again and investors should be ready to move quickly.

Rather than face the upbill battle of searching for a job amid a regional recession, many people are investing in



ospective students are turning to insntutions in the region. Many business schools in Asia have reported a record

level of inquiries as young professionals consider upgrading their skills.

In an uncertain job market, people look for ways to better their chances of employment," said Steven DeKray, director of graduate busioess programs at the Hong Kong University of Science and Technology. Although Mr. Burgess now has vir-

tually all of his assets in cash or on shortterm deposit, he plans to diversify his portfolio over the next two years.
"The dollar will still be O.K., even if

you have a global recession," he said. But I am going to also buy property and gold.'

Mr. Burgess said he planned to invest in gold certificates in Singapore, in the hopes that central banks would stop selling off their reserves, which would allow prices to recover from their current low level. 'Gold has been and will be again an

important means of storing mooetary value," Mr. Burgess said. "In terms of property, the recession here will last three to eight years, so within the next few years it will be a very good place to buy property."

Ooe analyst had a final hit of advice

for those worried about their jobs: Develop good relations with a reliable lender of last resort.

"Don't get out of touch with your parents," he said, "in case you have to cash in for a family loan."

# A Grand Tour of European Stock Picks F YOU'RE impressed with the interest rates are low and continue to with a price-to-earnings ratio, based on

حكذا من الاحل

U.S. stock market, you obviously haven't looked at Europe lately.

Over the past 12 months, the Bloomberg European 500 index, which tracks the largest stocks on the which tracks the largest stocks on the common currency. Many companies in Europe are boosting productivity and actively trying to increase their stock which tracks the largest stocks on the values. In addition, government definition of the common currency and productivity and actively trying to increase their stock which tracks the largest stocks on the values. In addition, government definition and productivity and actively trying to increase their stock which tracks the largest stocks on the values. In addition, government definition and productivity and actively trying to increase their stock market, you obviously fall as the Contineot moves toward a estimated profits this year, of just 10, and Daimler-Benz AG, which is merging with Chrysler Corp.

Mr. Lerner is especially high on line of the contineous productivity and actively trying to increase their stock which tracks the largest stocks on the values. In addition, government definition, and the continuous co Continent, has riseo a stunning 86 per- icits are falling, and regulations slowly cent. By cootrast, the Standard & are being eased." Poor's 500 index, the U.S. equivalent, is up 29 percent.

Can Europe continue to rise? Arthur more productive, but that's simply a Lerner of Arnhold & S. Bleichroeder good reason to huy the Continent's Inc., the venerable New York investment firm, certainly thinks so. Mr. Lemer manages the First Eagle International Fund, whose mandate is to find great

its assets in the stocks of just six Euro- 3.0 perceot this year and next, unpean countries: Germany, France, employment remains above 11 percent Italy. Britain, the Netherlands and in all three countries, compared with

trated we've ever been in Europe." says Mr. Lemer, a 25-year veteran of skilled workers from moving to sectors global investing. He owns only a few U.S. stocks and none at all in Asia.

Why Europe? "Liquidity," he says.
This is financial jargon for cash. What using their money to huy stocks instead provide them with a secure retirement. They need to invest on their own, and, with bond returns low, stocks are the obvious choice.

Mr. Lemer is not alooe. "The case for iovesting in Europe remains strong," Robert Carlsoo, who chairs the Fairfax County Supplemental Re-tirement system in Virginia, recently ioned, it's up 70 percent since January. wrote subscribers to his excellent Re- Other German stocks that he owns: tirement Watch newslener. "European Adidas AG, the sportswear maker,

JAMES GLASSMAN ON INVESTING companies around the world, including the United States. lems. While Germany, France and Italy Currently, First Eagle has 90 percent of expect to grow between 2.5 percent and 3 percent in the United States, Heavy This is the most bighly concen- regulations, taxes and labor rules thwart entrepreneurs and prevent

Still. Europe has ecocomic prob-

where they're most needed. Many European companies have figured out ways to circumvent this This is financial jargon for cash. What burdensome system, but, in geogral, Mr. Lerner means is that Europeans are the case for Continental stocks requires a combination of optimism and ecoof putting it into real estate, bonds or nomic determinism. As I wrote a year savings accounts - or purchasing cars ago, "France and Germany, espenr clothes. Like Americans, more and cially, are going to be dragged, kicking more Europeans are recognizing that and screaming, into the 21st century, their version of Social Security won't whether they like it or not." Mr. Lerner has been buying Wolters

Kluwer NV, a Dutch specialty publisher whose dividends have been growing at 15 perceot annually for the past five years.

His single largest holding is Volks-wageo AG. A good example of a com-

ging with Chrysler Corp.

Mr. Lerner is especially high on Italy, where, he says, "the goal posts are finally lined up"—in other words,

the single European currency is en-Europe is about ten years behind the United States in making companies

He has been buying financial stocks like Banco di Napoli SpA and Credito Italiano SpA, but another approach would be simply to purchase shares in the closed-end Italy Fund, which has stocks now and hold them for at least a

returned 38 percent so far this year.

Top bolding for the fund is
Telecom Italia SpA, which has tripled in the past two and a half years. Such hefty returns trouble Rob

Friedman, one of the managers of the four Franklin Mutual Series funds, in-cluding Mutual European. "I think the big caps bave run away," be said, referring to European

stocks in general. "But there is still value in the small and mid-caps." The best values, says Mr. Friedman, are in Britain, which has oot participated in the recent run-up of European stock markets - in part because it has decided to stay out of the European monetary unioo for the time being and in part because it's far ahead of Coo-

tinental countries in restructuring.

Mr. Friedman has been making unusual investments. One of his largest is in Railtrack Group PLC, which operates the oewly privatized British railway infrastructure, owning valuable real estate like Victoria Station. The stock has doubled in the past year.

He has also bought Eurotunnel boods and shares of several French companies, including Suez Lyonnaise des Eaux SA, a diversified utility and industrial company, and Elf Aquitane SA, an oil company. Washington Post Service

ital Management LLC, the

company said. Each will be

responsible for managing one

third of the portfolio, choos-

The "Dogs" of Wall Street Fund will invest in a

portfolio of the 10 highest-

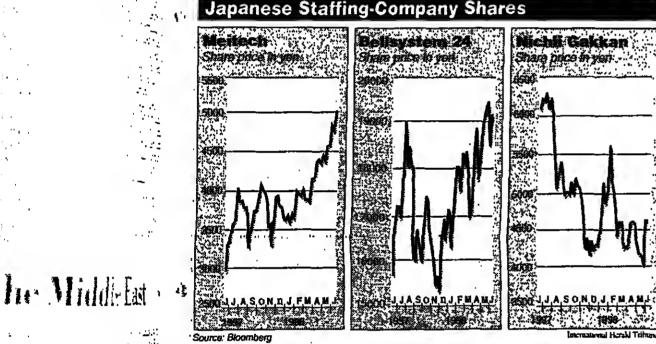
yielding stocks that make up

the Dow Jones Industrial Av-

ing their 10 favorite stocks.

2 New Stock Funds Tom Marsico of Marsico Cap-

#### higher education. The cost of attending U.S. husiness schools has shot up for Philip Sheridan, an investment analyst at Seamico Securities PCL in those with savings in local currency, so



# Job Agencies Prospering in Japan

eight mooths. Outplacement appears to be a growth market. In aders at Japanese companies — ployees rather than dis-those who are on the payroll patched workers." but are without active duties, an analyst for Nikko Research Center, an affiliate of Nikko Securines Co.

HILE some companies have workers on the payroll with nothing to do, others make a employees leaves Meitech business out of sending their with a certain insulation employees to do jobs for other against a downturn in the companies. Tadashi Ohta, a small-cap analyst for Jardine skilled personnel is not com-Fleming Securities (Asia) pletely cyclical. Ltd., has a high opinion of Another simil what he terms the outsourcing Nichii Gakkan Co., dis-'trio' that rose to prominence in recent years as Ja- pitals and clinics. Hospitals pan's employment practices save about 50 percent of their

shifted. Most Japanese companies acutely feel the need to adjust workers instead of full-time

exploit the growing desire by tracted by Nichii Gakkan.

About two-thirds of Japanese employers to lighteo their commitments to full-time had been fixed costs into variable costs by replacing full-timers with temporary staffers. These changes, anah h

Meitech Corp.'s expanding business in dispatching engineers to large manufacturers such as Mitsubishi Heavy Industries Co., Sony Corp. and Hitachi Ltd. illus-

Meilech has been on the up-

three years.

Meitech acts as an employaccording to Norio Sanada, meot agency, sending engineers to manufacturers in mechanical, electrical and software fields. But unlike the cies, the workers are full-time

The specialist nature of its

Another similar company patches medical clerks to hoswage expenses by using Nichii Gakkan's dispatched oese bospitals, which are of-

mefficient. The potential market is huge because only 25 percent of the hospitals so far outsource the kind of work coohospitals are operating at a loss, according to Mr. Ohta.

he expected the company to enjoy 15 percent annual profit growth over the mediom

B ELLSYSTEM 24 Inc. is another outsourcing star with solid profit growth. The company probably recorded a 50 percent growth in profit, to 2.1 billion yen, for the year ending May 1998, according to a forecast

Bellsystem 24 performs

ular sales technique in Japan. Competition is keen, but Bell-system 24 has a 30 percent market share. The industry itself is rapidly expanding, exceeding 100 billion in revenue



# BRIEFCASE

#### **Bidding War Afoot** For Fonorola?

Fonorola Inc., the long-dis-tance phone company based in Montreal that was recommended in The Money Report on Sept. 6, may become the

object of a bidding war. Call-Net Enterprises Inc. of Toronto, another Inng distance company, extended its \$1.6 billion cash and share bid for Fonorola until mid-night Monday, June 8. When the offer was first annunced on April 15, Fonorola shares jumped 50 percent, to 66.40 now trade at 67 dollars, based

Fooorola's vice-chairman and chief executive, Jan through the Asian financial Peeters, has said the company crisis. is in talks with three other suitors, two Canadian and one foreign. Among the compa-nies that industry analysts have mentiooed as possible boyers are GTE Corp., British Telecommunications PLC and Telus Corp.

Fonorola is considered at-

tractive due to its high-speed shares outstanding by 140 fiber-optic networks in percent, in addition to listing Canada and the United States and its gateways in Toronto, New York and Londoo. According to the Canadian Se-Commission, curities Fonorola has until June 26 to consider other bids.

#### Jeweler Egana Sets Rights Issue

Egana International (Holdmaker and distributor of on expectations that Fonorola name-brand jewelry and sion of the jewelry business. will be able to come up with a watches had postponed a said it had enough cash to get

> to raise funds. In an anday, Egana is now proposing to increase the oumber of

pany, current sharebolders will be bener off if they subscribe to the rights issue, since they are eligible for two new shares for every five they now bold, plus a bonus issue of five more shares and two shares of the new jewelry sub-The money Egana hopes to

separately its jewelry busi-

ness. According to the com-

ings) Ltd., a Hong Kong company featured in the May 30 Hong Kong dollars (\$57 million) — will go to pay for derfollowed stocks, is hoping newly acquired brands, expansor a higger following. The Canadian dollars (\$45). They for a bigger following. The sion of the European distribution network and the expan-Subscribers to the rights is-

rights issue in January and sue must pay 35 Hong Kong cents a share, a discount to the 40 cents the stock was at when it last traded. But for-Now, with the Hong Kong eign shareholders must either market plunging. Egana bas have a Hong Kong address or decided not to wait any longer register their shares with Hong Kong's central clearing nouncement published system in order to be eligible.

Thursday that drove its stock for the issue. Pending sharedown by 20 percent in one holder and stock exchange approval, the company is to begin trading July 27. (IHT)

# SunAmerica Inc.'s money-

From SunAmerica

management unit is introducing two stock mutual funds, one to be overseen by outside portfolio managers and another to invest in the "Dogs of the Dow." The Style Select Series Fo-

cus Portfolio will be managed by Elizabeth Bramwell of Bramwell Capital Manage-ment Inc., Spiros Segalas of Jennisoo Associates LLC and dustrials Index. (Bloomberg)

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the size of their work force hires, said Mr. Obta, an atand adopt a new framework tractive alternative for Japafor employment — perhaps two of the biggest challenges confronted by Japanese companies, which must downsize their operations as business slows down. Outsourcing companies

employment and turn what staffers. These changes, analysts said, allow Japanese companies to reorganize and refocus their business oper-

trates the point. Despite the overall eco-nomic slowdown, Japanese manufacturers' desire to outsource technicians from ties.

Continued from Page 18 swing, said Mr. Ohta of telemarketing under cootract Jardine Fleming, bringing for companies that are attracted by this increasingly population. about 50 percent for the past

"Demand for dispatched dinon to the 2.3 million un- engineers remains strong." employed in Japan, there are Mr. Ohta said. "As the social an estimated 2 million "in- structure shifts, companies

practice of other sncb agen-

ten criticized for being

by Jardine Fleming Securi-

ternally unemployed" work- are eliminating full-time em- for the 1997 financial year, and is set to climb further, fueled by the spread of toll-free services and lower telephone charges, Mr. Ohta said. While Mr. Ohta said he thought that the stock, which is listed on the Tokyo Stock Exchange's second market, is

fairly valued at the current price of around 20,000 yen, any expansion in demand from financial institutions. many of which are actually racing to establish retail trade ecocomy, since demand for hy telephone, could accord the stock a premium, he said. THE WORLD'S LEADING OFFSHORE COMPANY SPECIALISTS



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### WORLD ROUNDUP

## Slumping Sampras Exits Early Again

TENNIS Pete Sampras suffered a setback in his Wimbledon prep-arations Friday when he was beaten in straight sets by Mark Woodforde of Australia at the Queen's Club grass-court tournament in London.

The top-seeded Samoras, who had a bye in the first round and beat Wayne Black in the second round. looked flat as he slumped to a 6-3. 6-2 defeat on his favorite surface.

It was the latest surprising loss for Sampras, who was ousted in the second round of the French Open by the little-known Ramon Delgado of Paraguay.

Sampras had beaten the 66thranked Woodforde, known primarily as a doubles specialist, in all of their previous 10 matches, dropping only two sets in the process. Queen's also lost its No. 2 seed wben Greg Rusedski of Britain suffered an ankle injury during his third-round match against an Italian qualifier, Laurence Tieleman. (AP)

 Steffi Graf, improving with each match in her preparation for Wimbledon, advanced to the semifinals of the DFS Classic in Birmineham. England, with a straightset victory over Maria Luisa Serna of Spain on Friday.

The seven-time Wimbledon champion took 68 minutes to beat Serna, 6-4, 6-4, and set up a semi-final clash with the defending title holder, Nathalie Tauziat of France.

Graf, playing her third tournament since a knee operation last June, dropped only one service game to the left-hander from Barcelona. The German said her comeback was progressing better than she had expected.

#### More Trouble for Rodman

BASKETBALL Dennis Rodman, the Chicago Bulls' forward who led his team to victory in Game 4 of the NBA finals, has been sued for the second time in less than a week.

In a complaint filed Wednesday, a woman named Dixie Johnson claims the Chicago Bulls star grabbed one of her breasts and made lewd comments about it to spectators at the Las Vegas Hilton

The lawsuit said Rodman committed battery and violated the federal Violence Against Women Act. Johnson is seeking compensatory damages of \$300,000 and punitive ages of \$3 million, plus attorney fees.

On June 5, James Brasich, a craps dealer at The Mirage in Las Vegas, filed a \$300,000 lawsuit against Rodman for allegedly humiliating him in October by rubbing his bald head, stomach and groin with the dice before rolling them.

# Herald Eribune SPORTS

# Comeback Victory Gives Detroit a 2-0 Lead

By Joe Lapointe

DETROIT - Their goalie made another critical mistake to allow another shahby score that threw his team into a tailspin.

Because of this, they squandered an early lead and fell behind by two goals — not once, but twice. They lost an important attacker with an injury midway through the game.

So what would the Detroit Red Wings do for the rest of Game 2 of the Stanley

#### STANLEY CUP FINALS

Cup finals Thursday night in Joe Louis Arena? Trailing 4-2 with less than 12 minutes remaining, the defending champions resumed their whirlwind attack, scoring two goals to send the game into overtime. Then they triggered a long, loud dance of delirium in their sweltering home rink by winning it at 15 minutes 24 seconds of the extra period on a goal by Kris Draper.

A checking specialist without a goal in this tournament, Draper jumped on the ice from the bench, charged unchecked to the net, took a long pass across the slot from Martin Lapointe and put the puck behind the Washington Capitals' goalie. Olaf Kolzig, for a 5-4

"I came on on a line change," Draper said. "I don't think anyone from Washington saw me coming in the back door. Marry got the puck and I came in with my stick on the ice and one-timed it."

The result gave the Red Wings a 2-0

pionship series that will resume Saturday

night with Game 3 in Washington.
Last year, Detroit swept the Philadelphia Flyers in the finals. In fact, every championship round since 1994 has ended in the minimum four games. Steve Yzerman, the Detroit captain, scored two of the Detroit goals, one while shorthanded. Lapointe and Doug Brown

scored in the third period to tie it. Peter Bondra, Chris Simon, Adam Oates and Joe Juneau scored for the Capitals, who had won five consecutive

overtime games in this tournament.

The Capitals might have short-circuited a Detroit comeback in the middle of the third period had Esa Tikkanen finished a scoring chance. Shortly after apointe cut the Washington lead to 4-3, Tikkanen found himself alone in front of Detroit's Chris Osgood, with the goalie sprawled out of position. But Tikkanen shot the puck wide, and Detroit kept its momentum.

Ron Wilson, the Washington coach, said the Capitals "had the win right on Esa Tikkanen's stick.'

Tikkanen said: "I had the open net for like, three, four seconds. Next time. have to make sure that it is in."

In the overtime period, Detroit had a 12-3 edge in shots on goal. For the game, the Red Wings' advantage was 60-33. They began the game with their dazzling, swirling attack - skating. passing, shooting with grace and energy

and seemed primed for a rout until Osecod let down his guard on a confusing play at 1:51 of the second peri-

When Washington's Jeff Brown lead in the best-of-seven-game cham- cleared the puck from his end of the ice,



Olaf Kolzig, the Capitals' goalie, sprawling as Kris Draper's game-winning shot flies by him in overtime.

it appeared at first that fring would be called against the Capitals. But no Red Wing got to the puck as it crossed the

Because Washington's Andrei Nikolishin had touched the puck as it passed through the neutral zone, an offsides possibility no longer held. So Peter Bondra raced to the puck and fired it behind Osgood from a bad angle in the left-wing faceoff circle.

In the three previous playoff rounds. Osgood had given up three goals on long shots from outside his blue line. one against each opponent. This time. his gaffe was to relax and forget about defending his goal when no whistle sounded to stop play.

Reeling from this, the Wings then gave up two goals in the next 10 minutes to Simon and Oates, making it 3-1. Right after this, Osgood tried to throw a puck at Washington's Craig Berube, after a whistle.

He missed and, instead, hit the referee. Don Koharski, and got an unsportsmanlike-conduct penalty for bis efforts. On a team full of unflappable veterans, Osgood is an inconsistent and undependable weak link.

Yzerman got one back while shorthanded early in the third period, but Juneau made it 4-2 less than a minute later, on the same power play, at 7:05. At this point, the Red Wings were being taunted by Simon and other Capitals toughies. But instead of getting mad, the

Wings got even.
"We were fortunate Tikkanen missed the open net," Yzerman said. That was the break we needed."

They surged without Slava Kozlov, one of their top attackers, who left the game in the second period with a charley horse in his leg after being checked hard and legally by Sergei Gonchar. His condition is uncertain for the next

# Expos Snap Yankees' Streak

The Assix unter Press

It is not unusual to see a highscoring inning in a New York Yankees game. It is unusual, however, when the opponent is scoring the runs. The Yankees' nine-game winning

streak ended Thursday night when the Montreal Expos rallied for seven runs in the seventh inning for a 7-5 vic-Vladimir Guerrero started the Ex-

pos' outhurst with a double and capped it with a three-run double as Montreal batted around.

The visiting Yankees took a 5-0 lead into the seventh before the Expos rallied against five pitchers. Andy Pettitte, the starter for New York, left because of a twinge in his hip after giving np doubles to Guerrero and Rondell White. Mike Stanton then gave up a walk

and a single to load the bases, and Jose Vidro followed with a sacrifice fly to make it 5-2. The Expos went on to score five more runs, including Brad Fullmer's two-run double off Jeff Nelson (3-3).

Mets 5, Marlins 3 Bobby Jones won his fifth straight decision, Mike Piazza homered and Edgardo Alfonzo drove in the go-ahead run as New York won in Miami. Jones (6-3) allowed three runs and seven hits in seven innings, and John Franco pitched the ninth for his 14th save. Athletics 5, Mariners 2 In Oakland, Mike Oquist got his fourth straight

#### BASEBALL ROUNDUP

victory, although his bid for his first career sbutout was spoiled by Ken Griffey Jr.'s American League-leading 26th homer with two outs in the eighth. Griffey's two-run shot was his seventh homer in 10 games.

Oquist (4-3) allowed two runs and eight hits in 73/2 innings. He struck out six and did not walk a batter. Angels 10, Diamondbacks 5

Phoenix, Dave Hollins homered twice and Darin Erstad had four hits, including a homer, for Anaheim, Hollins and Matt Walbeck connected to key a five-run first inning for the Angels.

# An All-German Final for NFL Europe

By Mike Carlson

FRANKFURT -- What World Cup? For more than 50,000 fans in Frankfurt on Sunday, the only game in town will be American football.

That's when the hometown Galaxy take on Dusseldorf's Rhein Fire for the NFL Europe's World Bowl championship. It will be the Galaxy's third final in four years, but the first at home before what many feel are the league's most devoted fans.

Frankfurt, one of the three original World League teams in 1991, and Rhein, born in Dusseldorf in 1995 when the league restarted as an all-European circuit, have been the showcase franchises for NFL Europe this year. So much so that a third German team will be added next season, in Berlin, most likely by transferring either the Barcelona franchise or the Scotland franchise, which along with England have suffered at the gate and on the field.

Scotland, a preseason favorite, won only two games this season and England won only three, prompting the resignation of the former NFL receiver Lionel Taylor as its coach. Since the England Monarchs won the

first World Bowl in 1991 before 61,000 fans in Wembley Stadium, British inierest has dropped sharply. The Monarchs averaged less than 6,000 spectators per game at three different sites this season, and Scotland drew just 8,500 per game in Edinburgh and Glasgow.

The Galaxy almost didn't make it to their own party. They needed a victory at Rhein in last week's regular-season finale to clinch a spot in the final. Trailing 14-0 before a Dusseldorf record crowd of 42,225, Frankfurt lost its quarterback, Damon Huard, to a separated shoulder. But Chris Dittoe filled in and sparked a comeback, and Ralf Kleinmann kicked a game-tying field goal with 1:43 remaining.

A 56-yard punt return by Kenny McEntyre then set up Kleinmann's 46yard game winner with less than minute left in overtime.

Frankfurt emerged as the league champion the next day when Amsterdam's victory over Scotland relegated Rhein, which had led the league from

sic to June 14.

spot. The Dutch triumph capped a re-markable head coaching debut for Dick Curl, the longtime offensive coordinator for Jack Bicknell with the Barcelona Dragons and, before that, at Boston College. Curl was voted the league's coach of the year. Rhein's coach, Galen Hall, has lost

tbe season's first week, to the runner-up

twice in World Bowls, with the Orlando Thunder in 1992 and last year when the Dragons snuffed the Fire in Barcelona. After a 6-0 start this season, his team

has lost three of its last four games. Hall hopes his team will recover the same way Barcelona, which bad lost four of five before last year's final, did against his team. In Marcus Rohinson, the wide receiver allocated from the Chicago Bears, he has the league's most valuable player on offense.

"I know we can put it all together Sunday," Robinson said. "There's too much talent on this team not to.

One such talent, the quarterback Mike Quinn, allocated from the Pittsburgh Steelers, sprained his ankle on the Fire's last play last week. He has not practiced all week, but is expected to start.

## **SCOREBOARD**

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(8), G. Anderson (6). Walbeck (4). Artzona, J Bell (10), K. Garcia (4). JAPANESE LEAGUES

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PRIDAY RESULTS

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TENNIS

DIS CLASSIC

Yayah Basuki (6), Indonesia, def. Irino Spiried (2), Romenks, 6-4, 5-7, 7-5. Steff Graf (1), Germany, def. Mario Luiso Jerna (8), Spain, 6-4, 6-4.

FRIDAY IN, LONDON HALLE OPEN

MocPhie United States, 7-5, 6-1. FRIDAY IN HALLE OFRHAM nus Larsson, Sweden, def. Richard cek (3), Netherlands 6-4-6-2

eny Kafeinikov, (2). Russia, del. Mag-mon, Sweden, 7-6 (7-1), 6-2. BOLOGHA INTERNATIONAL FRIDAY IN BOLOGNA, ITALY Puerto, Argentino, 6-1, 6-3. Korim Alami, (6), Morroco, def.

TRANSITIONS

BAFFFALL AMERICAN LEAGUE

WEW YORK-Put OF Bernie Williams on 15-by disabled list. Recalled OF Ricky Leden Carry to Tocomo, PCL.
TORONTO—Sent LHP Ben Voto Ryn outright - NATIONAL LEAGUE
SAM DIEGO-Signed RHP Travis Downe,
38 Kevin Eberwein, OF Jeremy Owens, C
Sean Compbet, RHP John Meyers, OF
Joshua Loggus, I B Joseph Ousan, RHP Michael Bell, EHP Stephen Wafkins, RHP Broin
Lawrence, RHP Jeremy Filiac, RHP Aeith
Forbes, OF Joroffina Cook, 28 John Wickersham, RHP Pyan Bauer, OF Michael
Hazert, SS Bryan Schmidt and 3B Alejandro
Peicez.

PHILADELPHIA-Signed CB Bobby To

year controct.

SEATLE—Released 5 Bernile Blodes.

TAMPA BA V. Agreed follows with OL Todd
Washington on 3-year controct, and OE
Chance McCarty on 2-year controct.

CANADIAN FORTBALL LEAGUE
SALKATCHEWAR—Named Bob OBiliovich
director of player personnel and Hugh Versus
special divisor.

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special advisor.
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Solomon and P-Pk Briton Miocraek.

HOSELEY

NATIONAL HOCKEY LEAGUE

NASHYILLE—Signed C Mark Mowers.

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METRO ATLANTIC ATKLETIC CONFER

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ILLINOIS STATE-Announced OL Corrett

#### SOCCER

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RUGBY UNION

THE WEEK AHEAD SATURDAY, JUNE 13 Open, to June 14: Kobe, Jopan — Suntory Lodies Chan, to June 14: Statey, Hoff, Eng-tend — men. European Grand Prix, to June

Cup finals, to July 12.

SUNDAY, JUNE 14 AMERICAN POOTBALL, NFL Europe:

MOTORCYCLE RACING, Estoril Por MONDAY, JUNE 15

TENNIS, Den Bosch, Neiherfands — men Heineken Trophy, to June 21; Nattingham England — men. Nottingham Open. to June 21; Eastbourne, England — Eastbourne Championships, to June 21; Rosmalen, Neth TUESDAY, JUNE 16

CRICKET, Kurunegala, Sri Lanka — Sri Lanka XI vs New Zoaland. CYCLING, Tour of Switzerland, to June

WEDNESDAY, JUNE 17

ATHLETICS, New Orleans — U.S. Chan onships, to June 21. THURSDAY, JUNE 18

CRICKET London — England vs. South Africa, second test to June 22. GOLF, San Francisco — men, United States Open, to June 21; Santo da Serra, Madeira, Spain — men, Madeira Island Open, To June 21; Fujfoka, Japan — women, y's Classic, to June 21.

FRIDAY, JUNE 19 CRUCKET, Colombo, Sri Lonka — Sti Lanka XI vs. New Zeoland: Colombo — Sri Lanka vs. India, Independence Cup.

SATURDAY, JUNE 20 RUGBY UNION. Preforia - South Africa

SUNDAY, JUNE 21 CRUCKET, Colombo, Sri Lonka — Sri Lanka v New Zegland, Independence Cup. MOTOR RACING. Portland, Oregon — CART, World Series.

# Moridwise coverage

via the World's Daily Newspaper



Comprehensive yet concise, informed yet impartial, the affairs of the world unfold on the pages of the World's Daily Newspaper.

PAGE 22

Here Come the

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# World Cribune CUP

#### Brazilian Debate

Mario Zagallo, the Brazil coach, was not satisfied with the manner of his team's 2-1 victory over Scotland. Dunga, the team captain disagreed. "We won, but that's not enough," said Zagallo.

"Art for art's sake is hunk," said inga. (AFP) Dunga.

#### **Bomb Threats at Game**

Bomh threats briefly emptied the press box at Montpellier stadium before Friday's match between Bulgaria and Paraguay. A media center next to the stadium also was briefly evacuated about an hour after the game.

#### .Mboma Joins Cagliari

Patrick Mboma, the Camerooo striker, said he was leaving Jap-anese club Gamba Osaka for Italian Serie A side Cagliari after the World Cup. Mboma was top scorer for Camerooo in the World Cup qualifiers with five goals in six games. He was the leading scorer in the J-League last season with 25 goals in 28 games. (AFP)

#### Fans Riot in Bangladesh

Hundreds of Bangladeshi soccer fans attacked two power stations, beat up staff and smashed cars after the power went out during a World Cup match, the second such incident in two days.

The electricity failed in the southern port of Chitragong oo Thursday when millions were watching Italy's match against Chile on television.

#### Maldini Ponders Choice

Cesare Maldini, the Italy coach, said Friday he might pick both Roberto Baggio and Alessandro Del Piero against Cameroon, "We have to try and understand exactly if and how the two might play to-gether." said Maldini. (AFP)

# WORLD CUP BRIEFS Paris Police and FIFA **Act on Ghost Tickets**

German Fans Are Among Those Affected

By Anne Swardson ashington Post Service

PARIS -- The French police and world soccer's governing body, FIFA, started investigations Friday into the widespread sale of phantom World Cup tickets to tens of thousands of fans and the sale of actual tickets by soccer officials not allowed to sell them.

The soccer governing body said it was investigating two national soccer federations, those of Colombia and Cameroon, for allegedly selling to third parties tickets they had been allocated for their own citizens.

In addition, an unidentified consult-ant for a FIFA-affiliated marketing agency in France was accused of selling

The soccer governing body also confirmed reports that the president of the Cameroon soccer federation had been arrested and charged in Cameroon with diverting and selling tickets intended for

Though complete figures were not available, it was clear that people the world over had paid for World Cup tickets they did not receive.

Victims are from the United States, Japan, Belgium, Britain, Netherlands and, it was learned Friday, Germany. There, as many as 25,000 fans may have bonght phantom tickets, the German press reported; several group trips to the United States-Germany game Monday in Paris have been canceled.

Victims have blamed the French organizing committee, or CFO. On French television, a Japanese travel agent said he hoped that when the World Cup was beld in Japan and South Korea in 2002, French

fans would not be not granted any tickets. The organizing committee, however, denied responsibility, saying it could not control tickets after they were distributed to national federations and to authorized tour operators. Noting that the committee had issoed several warnings urging people to buy only from licensed op-

erators, Jacques Lambert, managing di-rector of the committee, said: "The CFO has decided to turn all information it has over to the prosecutor of Paris in order to allow the legal system to undertake all necessary judicial actions."

He also said that the committee was repared to join lawsuits filed by individual victims.

Michel Zen-Ruffmen, the acting secretary-general of FIFA, said that Vincent Onana, the president of the Cameroon soccer federation, had been arrested Monday as he tried to leave Cameroon with the national team. Mr. Onana was placed under investigation for embezzlement of public funds. He is alleged to have supplied a British travel agency that subsequently failed with 3,000 tickets worth \$660,000. He denied those allegations in an interview with Le Monde, the Paris daily.

FIFA did oot reveal details of the allegations against the Colombian federation. The president of the Colombian federation denied the allegations in an interview with Agence France-Presse.

Mr. Zen-Ruffinen said that FIFA was also investigating allegations that a consultant to the marketing agency ISL France apparently sold tickets he did not have to individuals," in amounts reportedly running into the thousands of tickets.

ISL France is partly owned by ISL Worldwide, FIFA's Switzerland-based marketing partner. ISL Worldwide said that a consultant "undertook the illegal sale of tickets, agreeing to orders that he could not fill, frandulently using the name of ISL France to convince his poteotial customers he could supply them with tickets."

A spokeswoman for the Paris police said investigators were looking into several - she did oot know how many complaints filed by victims of false ticket sales. But she said that unless it could be shown that the vendors never intended to sell tickets rather than committing to sell tickets they hoped to obtain later, the affair would most likely be a civil rather than a criminal matter.

conjure up.

Group C match ended 0-0.

few clear-cut scoring chances.
In the 35th minute, Hristo Stoichkov beat two defenders and hit the right goal

post with a left-footed shot that had Chilavert beaten. Paraguay dominated the second half.

getting several chances before Chil-avert's free kick. The Bulgarians played the final two minutes with only 10 men after Anatoli Nankov earned his second yellow card and was sent off.

Paragnay had two good chances after that, but failed to coovert after it generally dominated the second half.
"We lacked poise to finish the

WORLD CUP

FIRST POUND

missed the last pass.' Stoichkov set up the best Bulgarian

opportunity in the second half when he charged into the box from the left and crossed the ball to an unmarked Luboslav Penev. But Penev hlasted his kick high over the goal from six yards

Chilavert said, "Paraguay was supposed to be an easy team to beat, but this is not so and I feel very proud."



# Paraguay Kicks Away Historic Chance plays," said Paulo Cesar Carpeggiani, the Paraguay coach. "We always

MONTPELLIER, France-Jose Luis Chilavert almost made World Cup

missed his chance.

BULGARIA O, PARAGUAY O Paraguayan counterpart over the crosshar. The save helped ensure that the

history Friday. And he is inked that he

Zdravko Zdravkov, the Bulgarian

goalkeeper, had to stretch high to his

right to push a curling free kick by his

No goalkeeper has ever scored in a World Cup match except in a penalty shootout. "I already saw the ball in the net."

said Chilavert, who has 35 goals in his professional career. "Too bad, I could have made history. Chilavert's 78th-minute shot was the

highlight of a match in which both teams struggled to establish scoring chances and wasted the few they did Bulgaria, a semifinalist four years

go, dominated the first half but created

Chille — Marcelo Solaz 45, 50. Holy — Christian Vieri 10. R. Boggio JUNE 10, IN ST. DENIS Brunk 2, Scotland 1 Boyd 73 own g. criticand — John Collins 38 pert.
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Three points for a victory, one for a tie. Flest two in each group qualify for second round. If two or more terms, have the seme number of points the following theirealess are used: 1, goal difference; 2, number of goals secred; 3, nesult of match-halmen the burd 4, drawing late. the playme service.

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## For Nigeria's Coach, the Pressure Is On But Milutinovic, 53, has found solace Abacha's death this week, said, "The

By Steven Goff Washington Post Service

ELINCOURT-SAINTE-MAR-GUERITE, France — The arduous journey to find Bora Milutinovic, Nigeria's darmes keep an eye out for trouble while beseiged national soccer team coach, concluded at the tall iron gates of Chateau de Bellinglise in this speck of a village 50 miles north of Paris.

"Bora? No. Impossible," a massive French security guard said with a stooefaced glare.

Not so loog ago, Milutinovic was perhaps the most visible and accessible figure in the vast soccer world. He could be spotted in Southern California, his home during a memorable tenure as United States coach in the 1994 World Cup; strolling through the lobby of the visiting media's hotel in Mexico City, his full-time address and the site of his greatest coaching triumphs as Mexico's leader in 1986; in Hong Koog and Helsinki, Amsterdam and Asuncion, and anywhere else a match of even the

stightest importance was being played. But for several weeks, Milutinovic has takeo a low-key strategy. His latest mission, as coach of Nigeria, has been ooe of the most difficult of a coaching career that spans 21 years. The national soccer federation and the troubled government have inflated expectations and offer minimal support.

isolated in the French countryside. About 15 miles from the nearest highway exit, down a sloped one-lane path that cuts through a forest, several gena van full of Nigerian food ordered from

Paris is backed into the courtyard.

Finally, Milutinovic pokes his customary shaggy mop of brown hair and thick-rimmed glasses out of a side doorway. A familiar face is welcomed.

My friend, it is very difficult some of the time." he said with a forced smile. But this is the life, this is my life."

Life has been better. Despite a wealth of talent, Nigeria lost 5-1 to the Netherlands in a warm-up game last week. It was the latest setback, prompting cries in Nigeria for a coaching change before the team's opener against group favorite

Spain on Saturday.
Then again, the wily Milutinovic might have been guarding his game plan. Steve Sampson, the U.S. coach and Milutinovic's assistant with the U.S. team in 1994, laughed when asked about Nigeria's troubles.

"He's just setting everyone up," Sampsoo said. "Just you watch. Nigeria will be ready.

Nigeria's fortunes are being closely monitored by the new Nigerian government leader, Abdulsalam Abubaker, who, in the wake of general Sani hopes of a nation rest oo your shoulders in this difficult time." Several key injuries on his team

aren't helping the situation. In addition, Nigeria is stuck in the most difficult first-round group, having also to face 1994 semifinalist Bulgaria and defensive-minded Paraguay. "This is a great challenge," he said.

"No one said the World Cup was going to be easy. It's never easy. If it was easy, vervone would be a coach

Milotinovic is one of the best, a coaching vagabond who has built a reputation for molding teams into winners just in time for the World Cup.

In his second stint with Mexico Milutinovic guided the team past Brazil in the 1996 Gold Cup final in Los Angeles. A year later, he led Mexico to a first-place finish in the North American qualifying tournament for the '98 World Cup. But the wins did not impress his bosses enough. He was fired.

Now, with Mexico floundering prior to its World Cop opener in Lyoo oo Saturday, the Mexican fans are calling for his return.

"It is maybe special to coach many teams, but for me, what is important is to

play and win," he said. "Nigeria is good. The players, they are good. But oow we have to perform on the field.

# BREAKFAST FOR GROAN-UPS By Manny Nosowsky



# Njanka Comes Out of Nowhere for Cameroon

ago, Pierre Njanka did not game ended in a 1-1 draw. exist -- in world soccer terms at least.

But Njanka presented himself with panache Thursday oight, dashing half the length of the field and weaving through defenders to slide a he scored tonight, you can players they had to help him shot into the Austrian goal and understand the potential of unearth any talent that could

Rewers

TOULOUSE — Six weeks give Cameroon a 1-0 lead in Cameroon football."

Toulouse — Six weeks their World Cup match. The Uotil he recently je "A month and a half ago,

Njanka did not exist," said Claude Le Roy, Cameroon's coach. "I had to go and get him from his village of My-

Uotil he recently joined the Olympique Myvole team in Cameroon's first division, Njanka could not find a league club to make use of his talents. He was discovered by Le Roy after the coach asked 16 local vole. Wheo you see the goal teams to put forward the best help the Lions in their bid for

World Cup glory. Of the 50 players that turned up for a practice session, Le Roy chose eight, including Njanka.

He is such a new find that even Cameroon's celebrated striker, Patrick Mboma, did not know about him until the squad got together in France for its final World Cup warm-

up games.
"He's an unknown," Mborna said. "But what he did was great. He scored the only goal, and we were near to winning because of him."

Toni Polster, Austria's veteran striker, smashed home the equalizer wheo the Cameroon defense left him unmarked in front of the goal. A report of this game oppeared in late editions Friday.

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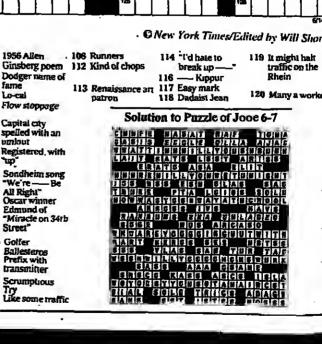
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## *WORLD CUP*

# Here Come the Germans, And U.S. Team Is Braced

By George Vecsey

PARIS - Claudio Reyna always thought you played soccer. His father had been a professional in Argentina. He became a pro-fessional in the United States. And soccer is, at its core, a game.

Then he went to play in Germany.

The first time he practiced with his German

21 Hilling of Anth Well Hills

tackles associated with the grittiest league games. "This," Reyna thought to himself, "is oot normal."

Well, maybe it was an initiation rite. They

would get over it.

The next day they held practice on an ash field, not a hlade of grass to be seen. "I figured, "They won't do it here," "Reyna recalled. "They did." He had the hruises to

This was part of the education of Reyna, a member of the U.S. World Cup team who plays for VfL. Wolfsburg, and all the other Yanks who have gone to Germany to make a living with the hardest soccer players on the face of with the hardest soccer players on the face of the U.S. teammate, Chad Deering, who also has experience in Germany. "The German guys were dressed better. They just looked at us. They like to be informal, too. That's why the earth. There is no samba in Germany, no soccer-mom appeal, no fooling around.

they love going to California oo vacatioo.

"But wheo they come to work, they work.

The Americans will receive another hlunt

Germany is the most relentless team in the for anything. universe. Always. In the 1982 World Cup semifinals, it overcame a 3-1 French lead - in overtime, that is. In this rapidly homogenizing up as a German until he qualified for Amerworld of global television, European unity ican citizenship in 1994. and Jordanized marketing, the Germans still come at you like oobody else, opening whistle to closing whistle,

'Germans are very machine-like," said Joe-Max Moore, another member of the the coach says you have to stay somewhere, American squad who has played in Germany, the players do oot say anything. at Saarbrucken and Nuremberg. "They won't stop. They are mentally stronger than most

One of the endearing aspects of world soccer is that many national and ethnic stereotypes not only come true hut are actually celehrated. Brazilians are proud of playing like Brazilians, open and creative, and Ger-

of the

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By Peter Berlin

SPAIN vs. NIGERIA, Nantes, Saturday 2:30

P.M. Two of the scarier teams in the World

Cup kick off their campaigns. Group D has

been dohbed the Group of Death because of

the playing skills of the four teams in it, but

Spain and Nigeria mix a strong streak of

ruthless machismo into their play that could turn it, at the least, into the Group of Nasty

later stages of the competition, and both must

WEEKEND MATCHUPS

have been encouraged by the 0-0 draw be-

tweeo their two rivals, Paraguay and Bul-

garia, on Friday. Anatoli Nankov of Bulgaria

did gain the first red card of the tournament,

and if the game grows ill-tempered, these two

Nigeria has become a huge exporter of

players, but few of its stars have stuck with

too-flight teams. The exceptions include

Taribo West, a powerful, smart and ruthless

defender, and his Inter Milan teammate,

Nwanko Kano, a delightful attacker. Kanu has hardly played for two years after un-

teams could add to that count.

Both teams have the ability to reach the-

International Herald Tribun

field. They work six days a week over there, that's all I know. The soccer players work six days a week, two hours a day. They work every minute of it. That's not normal.

Being merely soccer players, Moore and Reyna do not have to worry about being politically correct. They describe what they see and feel.

"I think Americans and Germans are very similar," Moore said. "The difference is that club, he was dribbling the ball hlithely when his new chums came blasting in with sliding from and we don't. They have guys in the second and third division who could play for

> Since Paul Caligiuri hlazed the trail in Germany in the mid-'80s, the Germans have been quite recepove to hiring Americans. Fortunately, there is a double standard. The Germans do oot expect the Americans to act like them off the field.

'When Chad and I went over there, we went to practice in floppies and shorts and baseball caps," recalled Reyna, referring to

They stress being on time. I mean, we weren't

Thomas Dooley admits there is a difference. The soo of an American soldier, he grew

Of his arrival in the States, Dooley said: 'Wheo I came over here, I don't want to say they weren't organized, but they had more freedom. The Germans like more control. If

Dooley has learned English and is one of the most urbane of the American players, as well as the oew captain. Reyna expressed the hope that the weather

might hamper the Germans. "If the temperature is warm, they woo't like that," he said, Unfortunately for the Yanks, the weather has been downright fresh, which means they mans are proud of oever quitting.

"They're born with it," Moore said.

"They work over there, oot just on the soccer Germans oo a field of ashes.

dergoing heart surgery. At his peak, be can

straight appearance in the finals. But time and

again in previous appearances, Spain has

failed to score goals oo the biggist occa-

Luis Enrique, a powerful midfield player.

and Fernando Hierro, an elegant hut hard-

edged center half, epitomize Spanish

strengths. But a lot rests oo Raul, a 20-year-

much of the past year has been poor.

SOUTH KOREA vs. MEXICO, Ly

old attacker of immense talent. His form over

5:30 P.M. A victory could give either of these lightly-regarded teams the confidence that would unlock their abilities.

Cup, qualified comfortably and then fired

Coach Bora Milntinovic because they hadn't played like Brazil. Mannel Lapoente, the new

coach, will settle for three points Saturday, regardless of style. Much rests on Luis

Hernandez, the top scorer in last year's Copa

World Cup, has yet to win a match. But it has come close. In 1994, it drew with Spain and

Bolivia and lost by the close score of 3-2 to

South Korea, in its fourth successive

Mexico, quarterfinalists in the last World

Spain qualified unbeaten for its sixth

unpick any defense.



# Rieper's Header Clinches It

LENS, France - A defender, Marc Rieper, succeeded where Denmark's strikers had failed Friday, heading Denmark to a 1-0 victory over Saudi Arabia in their World Cup Group C match. Rieper rose unguarded in front of the goal

DENMARK 1, SAUDI ARABIA O

in the 68th minnte to score in a scrappy match that Denmark dominated.

Brian Laudrup and his older brother Michael caused problems for the Saudi defense with quick passes and inventive running, hut nobody could provide the finishing touch. As the half wore on, Sandi Arahia grew in con-

"We played against a good team with nice players and they did well," said the Saudi coach, Carlos Parreira, who led Brazil to World Cup victory four years ago. "My players should leave with their heads up. played tongh against a good team."

Ehbe Sand, Martin Jorgensen and Rieper

all had good chances in the first half. Just before halftime, Peter Schmeichel

flung himself sideways in goal to get a hand to a free kick by Saeed Owairan.

'They had that good free kick, which Schmeichel saved hrilliantly, hut apart from that I thought we had them under control," Rieper said,

Denmark finally scored in the 68th minute when Brian Laudrup crossed from the right to Rieper in the center, who headed the ball past Mohammed Deayea. The chance was a gift to the Danes after some poor Saudi defending.

## Deserve Acclaim Knighthood Matters Not, **But Children Need Heroes** though his knighthood can By Roh Hughes International Herold Tribune surely oot be long. Maybe its

When Sportsmen

ARSEILLE Look very closely at the 704 players you may see at this World Cup. Ordinary fellows, you must agree. Two arms, two legs and hlessed with gifts of varying degrees to move a ball

VANTAGE POINT

around a turf field so that we can dream. Lucky guys, these athletes, born in the right time and place — and one of them born to be the man who strikes

nedioe Zidane - then no and because be drank. So the matter his impoverished up- genius was dropped, the apbringing or his foreign ancestry, be is in line to follow Michel Platini, honored with the title Chevalier de la Legion d'honneur.

If he's English — Alan Shearer or Michael Owen --he will be knighted. It might hut that title carries more than always get there. This weekend just in time to instill the sobriquet "Air." right spirit to the "lads" of Hurst, is to be knighted in the stow hooors with a capital Queen's Birthday Honours

Hurst had one very special day. He scored the three goals that won the 1966 World Cup final at Wemhley Stadium in London.

His country gave the soccer ball to the world. Britain's railroad workers and even on home soil Hence, Sir Geoffrey.

The timing is populist, for Japan harely squeaked through from the the English nation has recently upgraded soccer from a working class sport. The profile has never been higher and, coincidentally, nor has the hunger to stage the World Cup again meaning particularly in in 2006 at a Wemhley that is to France and particularly now. be rebuilt at a cost estimated at If Zidane is the hero and rises about \$360 million.

> globe of Sir Bohhy Charlton, also knighted for his soccer exploits, in particular his survival of the Munich air crash iovolving Manchester United in 1958 an his culminating achievement — beloing to win the World Cup 32 years

Their purpose in encircling the globe is to shake the hands the FIFA executive commit- own is anointed by the state. tee. They are ambassadors, persuaders, and they are

held up in the post. I mean no disrespect to

Hurst, who is a perfectly deceni man. But Hurst was not a phenomenal talent. He was a strong athlete and an opportunist who scored the only. hat-trick in any of the 15 World Cup Finals. He was a member of the team principally because Sir Alf Ramsey. knighted as you would guess because of 1966, was a manager who did not appreciate the genius of Greaves.

Greaves displeased Ramthe golden goal of 1998. sey because he didn't show if he's French — say Zi-the same work-ethic as Hurst; preotice scored, and voilà, knighthoods all round.

American readers must wooder what it is all about. They have "Sir" Charles Barclay, a basketball forward with the Houston Rockets, take a little time, but the Brits a little irooy. Michael Jordan has to be content with the

ht spirit to the 'lads' of lt is, principally, the Eng-l, a former player, Geoff lish and the French who be-"H" on sports players who, we may think, make enough through their fame and their bank balance.

"The timing is impec-cable," were Hurst's first words when he found out he would be Sir Geoffrey.

He knows better than most missionaries were sailors, that he is an ordinary man. His post-soccer life has been in clergy spreading the gospel of insurance. He may feel soccer to the far reaches of its flattered that he has become empire and beyond, But Eng-land could win the World Cup (thus far) only once, and that two of the older legends: Sir Stanley Matthews and Sir

Tom Finney.

Sport is living in false times, and awards beyond the playing field are unnecessary adornments to the winning of trophies and the banking of fortuoes. But they can have to acclaim and Honeur, then Hurst happens to be a trav- maybe the xenophobes who eling companioo around the follow Jean-Marie Le Pen Will realize that it matters oo where a man or his parents are born, but what he means to the

Popular heroes can speed integratioo within nations, and if sporting acclaim must be taken to beights above its stadoo then I would love to see the children of Marseille's back streets dancing and persuade the members of with joy when one of their

> Rob Hughes is sports correspondent of The Times of

We created a lot of chances, so we should have won by a higger margin," Rieper said.

fidence and began to pose a threat.

Saturday 5:30 P.M. The stylish Dutch players

act and talk as if they are the world champions

and know if they fail they can only blame

themselves (or, as they usually do, each oth-

er). Their Belgian neighbors know they will have to grind out victories.

important, "If we beat Mexico and South

Korea, we qualify for the secood round - the

rest is just a boous," said George Leekens,

squad to add flair to the midfield, but may

prefer to start the hard-working Marc

Wilmots. Luc Nilis, a striker who earns his

living with Eindhoveo in the Dutch league, is

the man most likely to puncture Dutch pre-

Dennis Bergkamp, the Dutch striker, will definitely miss the game and Captain Frank de Boer has an ankle injury and is doubtful.

ARGENTINA vs. JAPAN, Toulouse, Sunday

2:30 P.M. The 12,000 Japanese fans stranded

without tickets for this match may thank their

travel agents.
Gabriel Batistuta, Argentina's great scorer,

will know this match presents an ideal op-portunity to upstage Marcelo Salas and Ron-

aldo. The defense, under the guidance of

the Belgian coach.

Both countries preteod the match is oot that

Leekens has recalled Enzo Scifo to the

A Wild Weekend as 'Scary' Teams Begin Pursuit of Glory coach Daniel Pasarrella, will undoobtedly be one of the best in the tournament.

> Asian qualifying zone. It has young talent, but this could be a difficult introduction to the World Cup. YUGOSLAVIA vs. IRAN, St. Etienne, Su 5:30 P.M. The oew Yugoslavia arrives loaded with taleot, just as the old Yugoslavia did for

so many competitions in the old days. Can this Yugoslavia do better? Pedrag Mijatovic scored to win the European Champions Cup for Real Madrid last Vladimir mooth ana

Savicevic have each played for two Champions Cap winning clubs. Iran barely squeaked through to the finals and has had four coaches in less than a year.

However, its trio of Gernan-based players the strikers Khodadad Aziri and Ali Daei and the midfielder Karim Bagheri - proved consistently dangerous in the qualifying rounds. JAMAICA vs. CROATIA, Lens, Sunday 9:00 P.M. Two countries make their World Cap debuts with very different expectations.

Croatia provided many of the players for the underachieving teams of the old Yugo-slavia. It made a decent dehut in Euro 96, losing to Germany in the quarterfinals, but its poined by Gary Lineker, the responder preparations have been hlighted by injuries. former England striker, al-London.

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#### **PEANUTS**

50 YOU'RE GONNA BE TWENTY?

BEETLE BAILEY

EVERY TIME I ACCUSE

HE GIVES ME A PHONY ANGELIC LOOK

BEETLE OF SOMETHING



I PON'T WANT TO TALK ABOUT IT

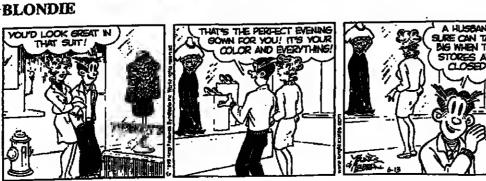
HAVE 400 TRIED PENIAL?

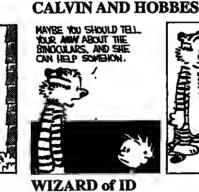
SINCERE



























#### **DAVE BARRY**

# Snake Handling Aloft

MIAMI — For those of you planning to travel by air, here are some amazing statistics about the U.S. airline industry (motto: "We're Hoping to Have a Motto Announcement in About an Hour"). This year, U.S. airlines will carry a record 143 million passengers, who will be in the air for 382 million hours, during which they will be fed an estimated total of four peanuts.

Yes, the airlines are cutting back on food service, as was dramatically demonstrated on a recent New-York-to-London flight wherein nine first-class passengers were eaten by raiders from coach. But despite the cutbacks, the U.S. airline industry is still one of the safest on Earth; the only nation with a better safety record is the Republic of Kyrgyzstan, which has only one airplane and can't figure out how to start it.

The U.S. airline industry, in contrast, boasts a vast fleet of modern planes maintained by a corps of highly professional mechanics, by which I mean "mechanics who are all wearing

the same color uniform." This is not the case in some countries. One time I was leaving a Caribbean island aboard a two-propeller airplane with a name like "Air Limbo." As we say on the runway.

Beware of airlines with names like "Air Limbo."

getting ready for takeoff, I could not help but notice that an important-looking fluid was gushing out of the engine on my side. This made me nervous, so I was relieved when a man wearing shorts and flip-flops came over to take a look. He studied the fluid, which was really pouring out, then he turned toward the pilot and made the "O.K." sign. I was thinking, "O.K.? WHAT DO YOU MEAN, O.K.?" And while I was thinking that, we look off. We did make it to our destination, but I'm pretty sure we were followed the whole way by a pack of hungry sharks thinking. That thing can't stay up there much longer!

You generally don't have to worry about sharks with domestic air travel, but there are things you need to know, which is why today I'm presenting these: Answers to Common Air-Travel Questions:

Q. Airline fares are very confusing. How, exactly, does the

airline determine the price of my ticket? A. That is determined by Rudy the Fare Chicken, who decides the price of each ticket individually by pecking on a computer keyboard sprinkled with corn. If an airline agent tells you that they're having "computer problems," this means that Rudy is sick, and technicians are trying to activate the backup system, Conrad the Fare Hamster.

Q. What do they mean hy "mechanical problems"?

A. They mean that the pilot cannot find his magic feather.

Q. What precautions will be taken to insure that there is no

terrorist bomb aboard my aircraft? A. The airline agent will ask you a series of security questions shrewdly designed to outwit terrorism, such as: "Did any terrorist unknown to you give you a bomb to carry on board this plane?" Also, if you have a laptop computer, they may ask you to turn it on, thus proving that it is not a terrorist bomb.

Q. But couldn't a terrorist easily put a bomb in a computer in such a way that the computer could still be turned on?

Q. What happens to my

carry-on baggage when it goes

through the X-ray machine?

# What to do when A. There is a man named Karl crouching inside there who paws rapidly through your belongings. Q. Looking for terrorist bombs? A. No. Soiled underwear Q. How much

Q. How much carry-on haggage am I allowed to take? A. In the past, passengers had to be able to physically lift the luggage to carry it on to the plane. But that restriction has been eliminated, thanks to the discovery, by the luggage industry, of wheels. Today, passengers routinely board airplanes tow-ing suitcases the size of sleeper sofas. On a recent TWA flight from St. Louis to Atlanta, a passenger hoarded with a Volkswagen Jetta, which he was able to get into the overhead storage bin after just seven hours of shoving.

Q. What is that thumping noise you sometimes hear after

A. That is Vomax, Hell Demon of the Cargo Hold. It is

upright and locked position? A. Because they do not like you.

One final thought: Although most of us feel anxiety about flying, it's important to remember that, statistically, com-

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# An Intriguing Partnership on the Arno?

By Mary Blume International Herald Tribunc

PARIS - The river Arno originates along the western slope of the Apennines and ends in the Ligurian sea at Pisa. passing most famously through Florence where, despite many floods, the latest in 1996, it looks, Mark Twain said in 1869, like a great historical creek with four feet in the channel and some scows floating around. It would be a very plausible river if they could pump some

water into it.

It would have been a very different river had a plan succeeded to divert the Arno and turn Florence into a thriving seaport.
The scheme should have worked. It had the support of city leaders and its architects were two of history's greatest minds. Le-onardo da Vinci and Niccolo Machiavelli.

The story of their un-likely collaboration in 1503-1504 is told in "Fortune Is a River" by Roger D. Masiers, published next week by The Free Press in New York, A Dartmouth

professor of government. Masters has had to rely on a degree of conjecture since neither of the great men left a record of his role in the failed project or even admined working with the other. "This need not be surprising: few people go out of their way to attract attention to a costly political disaster for which they can be held responsible." Masters explained.

They were not the first to try to move a river. The architect Brunelleschi tried to flood Lucca, and failed. Leonardo's more ambitious plan was not to flood a city but to deprive Florence's enemies in Pisa of water while making the river navigable from Florence to the sea, enriching the city and opening it to the great maritime explorations of the time.

The means included building locks and



pass: demanding stuff but Leonardo had become an expert in military technology while serving Ludovico Sforza in Milan, where he studied hydraulics, invented movable bridges, siege machines, tanks and catapults as well as designing masques, acting as public entertainer and painting, among

other works, "The Last Supper." The story begins 500 years ago in Florence where Savonarola, a year after his bonfire of the vanities," hecame one himself, deposed and burned at the stake. With his death Machiavelli returned to his position of second chancellor, appreciated for his suhtle scheming and fine prose style. His first state paper, in 1499, was on the war against the Pisans, which was going very

the unpredictable son of Pope Alexander VI. down to time-and-motion studies to deter-Cesare Borgia.
By 1502 Leonardo was working for Bor-

gia in Imola as bis chief architect and general engineer. He may also have been there as a Masters thinks. The same year Machiavelli was sent as an envoy to Borgia's court, "Would it bave been possible for two Florentines, one very famous, the other a government official, to spend several months in a place this size without meet-Masters asks. That Machiavelli prudently never mentioned Leonardo in his letters is, he says, further evidence of their some ricb Texans decided to move the Missecret collusion.

canals and making a tunnel under a mountain badly. And there was an added threat from tempts to divert the river, only 20 years ago plan sank.

were maps discovered in Madrid indicating that while in Borgia's employ Leonardo had carefully studied the headwaters of the Amo. Details of the map would have been more interesting to Florence than to the unpredictable Borgia.

For the spring and summer of 1503 Leonardo's chief activity seems to have been the Amo project, although he also had been working on the "Mona Lisa." Masters argues that the meandering river and moun-tain in the painting's hackground suggest that Leonardo had more on his mind than his hilious

Unable to launch a direct military assault on Pisa and intrigued at the thought of making Florence into a seaport. the city finally voted to proceed with diverting the Arno to a new bed, at some points 20 miles from its natural course. Machiavelli named the commissioner and hydraulic. engineer who were to direct the work, every demil of which had been

planned by Leonardo. mine the number of workers needed.

The hydraulic engineer, Colombino. changed the design, underestimated the work force required and failed to build secret agent for the republic of Florence, the digging machine that Leonardo had in-

The river quickly returned to its old course, part of the works collapsed, the project was dropped and the war with Pisa went on for five more years.

Schemes to divert rivers continue into our times. One even grander than the Amo projsissippi Delta over to the Texas panhandle. Although Vasari mentions Leonardo's at- Despite support from local politicians, the

## **PEOPLE**

GENETIC tests on remains of Yves Montand prove that ne did not father a young woman who claimed for years to be his love child, judicial sources said. Throughout his life, Montand had denied that Aurore Drossart. 24, was his they were unable to attend. daughter, but he refused to undergo DNA tests to lay the matter to rest. He died in 1991 at the age of 70. After years of trying, Drossart and her mother, Anne, won a court-ordered exhumation of Montand's corpse from Pere-Lachaise Cemetery in Paris. It was carried out in March. The DNA tests were negative, according to the judicial sources, Catherine Allegret, Montand's adopted daughter with his wife of 36 years, Simone Signoret, told France Info radio, "Montand will be able to rest in peace." Signoret died in 1985, and Montand had a child, Valentin, in 1988 with his companion Carole Amiel. Geneticists at the Institut Medicolegal in Paris used DNA samples taken from Montand's teeth to carry out their cameras, but he left it up to a jury to determine damages the tests. The results reverse a Paris court's finding four years in a lawsuit against the actor. Harrelson had testified that he ago that Montand was Drossart's father, based on physical was trying to protect the privacy of his 2-year-old daughter to undergo blood tests to verify his claim.

Bob Hope and his wife. Dolores, have been awarded papal

Gregory the Great. Pope John Paul II bestows papal knight- sale was given to a French charity.

TENETIC tests on remains of Yves Montand prove that he hoods on those who have promoted the interests of humanity

The star-studged charity concert with the tenor Luciano Pavarotti, Stevie Wonder and the Spice Girls raised nearly 4.3 billion lire (\$2.4 million) for Liberian children, the organizers said. The money is to go to construction of a village for child victims of the civil war in Liberia that ended last year.

A judge in Boston ruled that Woody Harrelson assaulted two photographers and unlawfully removed film from one of vnen ne scumea with a Star magazine photog Connolly, and a free-lance video cameraman, Paul Adao.

A Leica camera engraved with the signature of the photographer Henri Cartier-Bresson was auctioned at Christie's mercial airline travel is more than THREE TIMES as safe as snake handling. So huckle up, and have a great flight! I myself will be on Air Kyrgyzstan.

Bob riope and his wife. Dolores, have occul awarded paper tographer Henri Cartier-Bresson was auctioned at Christie's in London for £25,300 (\$40,000). The Leica was produced to will be on Air Kyrgyzstan. honors in California. They were invested in the Order of St. sold to an anonymous British collector. The money from the



Aurore Drossart has lost to a series of genetic tests.



(use your head)

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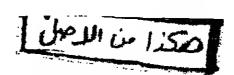
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